

EMALAHLENI MUNICIPALITY

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2017/2018 TO 2019/2020

TABLED ANNUAL FINAL BUDGET OF

EMALAHLENI

MUNICIPALITY

2017/18 TO 2019/20

MEDIUM TERM REVENUE AND

EXPENDITURE FORECASTS

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Abbreviations and Acronyms

BPC	Budget Planning Committee	OHS	Occupational Health and Safety
CFO	Chief Financial Officer	OP	Operational Plan
MM	Municipal Manager	PBO	Public Benefit Organisations
CPI	Consumer Price Index	PHC	Provincial Health Care
CRRF	Capital Replacement Reserve Fund	PMS	Performance Management System
DBSA	Development Bank of South Africa	PPE	Property Plant and Equipment
DoRA	Division of Revenue Act	PPP	Public Private Partnership
DWA	Department of Water Affairs	PTIS	Public Transport Infrastructure System
EE	Employment Equity	RG	Restructuring Grant
EEDSM	Energy Efficiency Demand Side Management	RSC	Regional Services Council
EM	Executive Mayor	SALGA	South African Local Government Association
FBS	Free basic services	SDBIP	Service Delivery Budget Implementation Plan
GDP	Gross domestic product	SMME	Small Micro and Medium Enterprises
GDS	Gauteng Growth and Development Strategy	OHS	Occupational Health and Safety
GFS	Government Financial Statistics	OP	Operational Plan
GRAP	General Recognised Accounting Practice	PBO	Public Benefit Organisations
HR	Human Resources	PHC	Provincial Health Care
IDP	Integrated Development Strategy	PMS	Performance Management System
IT	Information Technology	PPE	Property Plant and Equipment
kℓ	kilolitre	PPP	Public Private Partnership
km	kilometre	PTIS	Public Transport Infrastructure System
KPA	Key Performance Area	RG	Restructuring Grant
KPI	Key Performance Indicator	RSC	Regional Services Council
kWh	kilowatt	SALGA	South African Local Government Association
ℓ	litre	SDBIP	Service Delivery Budget Implementation Plan
LED	Local Economic Development	SMME	Small Micro and Medium Enterprises
MEC	Member of the Executive Committee		
MFMA	Municipal Financial Management Act Programme		
MIG	Municipal Infrastructure Grant		
MMC	Member of Mayoral Committee		
MPRA	Municipal Properties Rates Act		
MSA	Municipal Systems Act		
MTEF	Medium-term Expenditure Framework		
MTREF	Medium-term Revenue and Expenditure Framework		
NERSA	National Electricity Regulator South Africa		
NGO	Non-Governmental organisations		
NKPIs	National Key Performance Indicators		

Part 1 – Final Annual Budget

1.1 Mayor's Report

The Speaker, Municipal Manager, Councillors, Officials and members of the community:

It is my pleasure to be able to submit to you the draft Integrated Development Plan for the next five years (2017-2022) as well as the Medium-Term Revenue and Expenditure framework (MTREF) for 2017/2018 up to 2020 through for the Emalahleni municipal council.

The economic environment in which we as Emalahleni Municipality function is not easy considering our high rate of unemployment and poor revenue base made worse, over the past few years, by the downturn in the economy caused by the world economic recession resulting in such negative economic contributors as sky rocketing fuel and food prices.

In the light of these factors over which we have little or no control we are faced as a municipality with a daunting task and the challenge of

- Huge backlogs in service delivery,
- The socio-economic problems of high unemployment and poverty levels.

And the realisation that solutions to these challenges can potentially conflict with or complement each other.

Today I am able to report to you on the progress made in implementing financial controls, processes and procedures resulting in the drafting of a credible IDP and a credible budget linked and driven by our IDP and the national key performance areas of:

- Service delivery
- Financial viability and management
- Local economic development
- Municipal institutional development and transformation.
- Good governance and public participation

We as Council committed ourselves to lead by example in ensuring strict financial oversight and compliance with the guidelines of National Treasury MFMA.

To achieve this, we as the Council and Executive Committee committed ourselves to providing leadership based on a culture of honesty, ethical business practices and good governance by exercising our oversight responsibility regarding financial and performance reporting as well as adherence to compliance and implementation of internal controls.

Allow me now to highlight areas of focus within our departments

Corporate services

Our organogram has been developed to ensure that it is consistent with the needs of the organisation. In the months ahead we will be implementing the budgeted positions as approved and adopted by Council with this budget.

The effectiveness of the governance systems is being assessed and staff within the institution must work in an integrated and focussed manner driven by the IDP.

We are striving that Emalahleni Municipality becomes an employer of choice that capacitates both the councillors and staff.

We will also be implementing a project to improve the connectivity

Infrastructure Development and Human Settlements (IDHS)

The focus of MIG funding will be to ensure that projects are identified within EDTA, community and infrastructure to ensure the maximum impact on our community.

The emphasis will be on finalising our road projects and continuing the electrification of our villages.

An area we will focus on in the new year will be to address the office space of the institution.

A number of roads will be maintained and constructed in the 2017/18 financial year.

We have allocated R17.421million to construction and paving of roads in the 2017/18 financial year.

Economic Development Tourism and Agriculture (EDTA)

The 5 year IDP which has been developed and is tabled for adoption today reflects community, sectoral and stakeholder input and involvement and will be our guide over the remainder of our term of office.

Local economic development is a crosscutting function which requires the involvement of all within the institution.

The Elithini Coal Mine is temporarily closed, however there has been political engagements with the Provincial Government on the status of the mine. There are other small scale mining activities in a form of sand mining and the brick making. The municipality is in a process of exploring potential growth out of those small-scale mining activities through supporting brick makers from Indwe and Dordrecht to supply their bricks and material in housing projects.

We have within the spatial development framework of our IDP focussed on potential areas of growth and despite our limited resources have accessed resources to develop these potential areas of economic growth through led projects.

We plan to utilise our interactions with business forums to assist them to bring together established and emerging businesses to share experience and ideas.

Community Services

The areas I wish to highlight within the Community Services directorate relate to revenue enhancement and solid waste sites.

The development and establishment of a traffic section within Emalahleni municipality has been identified as a source of revenue enhancement coupled to ensuring the safety of our community and to this end we will be starting the process to establish such a department in the new financial year.

The solid waste site and its completion remain a priority and we will continue in the new financial year to access and allocate funds to this critical area within community services.

An amount of R 1 million has been budgeted for funding the construction of a landfill site in the upcoming year as soon as suitable land is obtained.

Finance

The process is ongoing to ensure credible data that forms the basis of our financial reporting and to this end we will ensure that the SEBATA system is implemented and used as a management tool.

The introduction of mSCOA has proven to be a challenge however the municipality has put all its resources to ensure that the Municipality is mSCOA compliant by 1 July 2017 as required by National Treasury.

As a municipality we are grant dependant and to this end it is necessary to continue looking for opportunities to expand the revenue base to reduce our dependence on grant funding and improve our financial viability. Hence one of the projects under financial viability is the data cleansing and revenue enhancement in the three towns of Emalahleni, being Cacadu, Dordrecht and Indwe.

In the new financial year we will look to ward councillors and committees in assisting us with our debt management and we have tabled to council strategies and plans to improve our current collection and payment rate to up to at least 70 %.

Budget figures

The budget we table today projects the following:

Increases

The tariff increases on services will be an average of 6.4%

Electricity has been increased by an average of 1.88% in line with NERSA guidelines. These tariffs are subject to approval by NERSA.

By-laws and policies

Council has by- laws and policies in place which will be subjected to continuous reviews so that they remain relevant.

Income and expenditure**Operating budget**

Total Revenue:	R 186, 950 million
Total Expenditure:	R 194, 822 million
Projected deficit:	R 7, 872 million

The implication of this is to alert us to the need for strict budget implementation and control during the financial year.

Capital budget:

Grant Funding:	R 32.358 million
Planned Borrowings:	R 8.0 million
Total Capital Expenditure:	R 40.358 million

I hereby table the Medium-Term Revenue and Expenditure Framework for 2018 through 2020 for adoption by the Emalahleni Municipal Council as per the resolutions under the item and budget document.

CLLR N. NYUKWANA

MAYOR

1.2 Council Resolutions

The Council approves and takes the following resolutions for the final annual budget (MTREF) of 2017/18 financial year:

The Council of Emalahleni Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves:

- 1.1. The annual budget of the municipality for the financial year 2017/18 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budget Summary reflected in Table A1
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by standard classification) reflected in Table A2;
 - 1.1.3. Budgeted Financial Performance (revenue and expenditure by municipal vote) reflected in Table A3;
 - 1.1.4. Budgeted Financial Performance (Revenue and Expenditure) reflected in Table A4;
 - 1.1.5. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source reflected in Table A5 as well as individual capital projects reflected under SA36;
- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables attached in the budget documentation:
 - 1.2.1. Budgeted Financial Position reflected in Table A6;
 - 1.2.2. Budgeted Cash Flows reflected in Table A7;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation reflected in table A8;
 - 1.2.4. Asset management in Table A9; and
 - 1.2.5. Basic service delivery measurement reflected in Table A10.
2. The Council of Emalahleni Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts the following tariffs as set out and included in the budget documentation, with effect from 1 July 2015:
 - 2.1. The tariffs for property rates which are increasing on average by 6.2 % (percent)
 - Residential 0.0092c/R
 - Undeveloped land 0.0092c/R
 - Municipal Buildings/Properties 0c/R
 - Business 0.0138 c/R
 - Government 0.0138 c/R
 - Agriculture 0.0020 c/R
 - Public Service Infrastructure 0c/R
 - Public Benefit Organisations 0.0023 c/R

- 2.2. The tariffs for electricity has been increased by an average of 1.88% in line with NERSA guidelines. These tariffs are subject to approval by NERSA.
- 2.3. The tariffs for solid waste services which are increasing on average by 6.2 % (percent).
3. The Council of Emalahleni Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2017 the tariffs for other services, which are increasing on average by 6.2 percent, as set out in the attached budget documentation as (**Annexure**).
4. Council resolves that the budget related policies reflected and listed below are approved for the budget year 2017/18
- Property Rates policy
 - Budget Policy
 - Tariff policy
 - Indigence Policy
 - Credit control and Debt collection
 - Cash Management and Investments policy
 - Asset and Disposal Management policies
 - Funding and Reserve policy
 - Debt and Borrowing policy
 - Fleet Management policy
 - Virements policy
 - Petty Cash Policy
 - Supply Chain Management policy
5. Council resolves that the filling of the vacant posts as identified by Municipal Manger and tabled to Executive Committee, be approved.
6. To give proper effect to the municipality's annual budget, the Council of Emalahleni Municipality approves:

That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The Municipal Budget and Reporting Regulations, as well as various circulars issued by National Treasury, provides the guidance for budget preparation by local government.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. In addition, the municipality during March 2017 proactively embarked on a strategic long-term financial sustainability exercise in order to ensure that this budget, as well as future budgets, is compiled to ensure that services to the community remains at high levels without overburdening the consumers of municipal services with excessive tariffs.

The main items identified by the strategic planning exercise can be summarised as follows:

- Improved service delivery;
- Underdeveloped areas;
- Impoverished communities;
- Co-operative governance;
- Unfunded mandates, core functions service delivery agents;
- Land availability for e.g. economic development;
- Land availability for establishing tip-sites;
- Alternative service delivery options;
- Obtaining a "clean audit" inclusive of performance management;
- Delegation- and procedure manuals;
- Risk management;
- Improved planning and beyond 5 years;
- High crime rate;
- Service delivery backlogs;
- Improved maintenance programs;
- Local economic development facilitation;
- Adequacy of municipal reserves and financial sustainability;
- Curtail electricity losses;
- Tourism initiatives; and
- Improved public participation.

For each of these risk areas the municipality is compiling business plans in order to prioritise expenditure according to the risk ratings. These business plans will all be implemented over the MTREF period according to available funding; however, in the 2017/2018 financial year limited provision was made for the implementation of the business plans.

The Municipality has also embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government. The municipality, however, acknowledges that there can never be too much information and involvement in its interaction with the public at large, and for that reason it is still identified as a major risk area.

National Treasury's MFMA Circulars No. 58, 59, 66, 71, 72, 74, 75, 78, 79, 85 and 86 as well as the Strategic Workshops and IDP consultation processes, were mainly used to guide the compilation of the 2017/18 MTREF. Some of the key challenges faced by the municipality when compiling the budget were:

- The ongoing difficulties in the national and local economy;
- Aging roads and electricity infrastructure;
- The need to prioritise projects and expenditure within the existing resource envelope;
- The increased cost of electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects and the resultant operational costs associated with new infrastructure projects; and

The municipality is in a healthy financial position; however, it needs to at least stabilise and further strive to continuously better its financial position, coupled with acceptable levels of service delivery at affordable tariffs. The retention of sufficient cash-backed reserves is critical for the long-term sustainability of the municipality. The municipality is striving to establishing a Capital Replacing Reserve to fund future capital projects to help mitigate the over dependence on grants for funding capital projects.

The following budget principles and guidelines directly informed the compilation of the 2017/18 MTREF:

- The 2016/17 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2017/18 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should consider the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- The budget must be spent in full, and all grants should be utilised in full;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2017/18 Medium-term Revenue and Expenditure Framework:

EC136 Emalahleni (Ec) - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	3 218	3 719	3 744	4 331	4 429	4 429	-	4 302	4 551	4 816
Service charges	10 743	11 120	12 036	13 742	16 241	16 241	-	14 265	15 087	15 967
Investment revenue	3 005	3 350	3 348	2 327	2 307	2 307	-	2 533	2 637	2 243
Transfers recognised - operational	93 441	112 851	145 150	129 825	131 654	131 654	-	123 833	128 516	128 275
Other own revenue	7 118	8 760	8 560	6 363	7 125	7 125	-	6 649	10 245	10 670
Total Revenue (excluding capital transfers and contributions)	122 525	139 800	173 318	156 642	161 757	161 757	-	154 562	161 035	162 771
Employee costs	37 751	42 783	53 653	62 015	62 013	62 013	-	78 926	55 310	52 628
Remuneration of councillors	8 612	10 104	10 055	11 728	11 337	11 337	-	12 071	13 976	13 550
Depreciation & asset impairment	31 715	32 255	32 002	24 997	24 954	24 954	-	24 729	25 718	25 747
Finance charges	690	767	632	850	850	850	-	709	664	670
Materials and bulk purchases	12 051	14 809	15 628	18 650	13 745	13 745	-	23 121	23 005	25 318
Transfers and grants	-	-	-	18 602	18 602	18 602	-	435	144	152
Other expenditure	64 763	33 400	97 354	54 629	63 141	63 141	-	54 893	59 247	62 785
Total Expenditure	157 582	134 144	213 625	189 216	164 642	164 642	-	154 832	167 624	169 358
Surplus/(Deficit)	(35 056)	(44 254)	(40 307)	(32 574)	(2 885)	(2 885)	-	(40 270)	(6 589)	(7 587)
Transfers and subsidies - capital (mandatory allocated)	28 159	30 359	30 615	32 670	26 170	26 170	-	32 358	34 069	35 975
Contributions recognised - capital & contributed as	1 312	548	255	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(5 585)	(13 356)	(3 437)	13	(6 715)	(6 715)	-	(7 672)	(12 507)	(21 603)
Share of surplus (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(5 585)	(13 356)	(3 437)	13	(6 715)	(6 715)	-	(7 672)	(12 507)	(21 603)
Capital expenditure & funds sources										
Capital expenditure	37 101	38 455	48 696	41 470	36 847	36 847	-	40 358	43 519	44 300
Transfers recognised - capital	28 159	30 142	30 615	32 670	26 170	26 170	-	32 358	34 069	35 975
Public contributions & donations	1 312	257	-	-	-	-	-	-	-	-
Borrowing	-	-	134	-	-	-	-	6 000	9 450	8 424
Internally generated funds	7 591	8 057	18 147	6 600	10 677	10 677	-	-	-	-
Total sources of capital funds	37 101	38 455	48 696	41 470	36 847	36 847	-	40 358	43 519	44 300
Financial position										
Total current assets	70 458	58 580	45 005	37 202	51 360	51 360	-	18 972	23 005	28 434
Total non-current assets	431 959	365 267	412 642	488 034	425 642	425 642	-	441 271	459 072	476 625
Total current liabilities	47 936	39 457	41 400	48 789	44 557	44 557	-	47 212	71 603	107 241
Total non-current liabilities	8 554	6 241	7 000	6 628	8 029	8 029	-	16 484	26 428	35 382
Community wealth/Equity	469 543	406 170	409 433	469 599	404 417	404 417	-	396 545	334 038	362 435
Cash flows										
Net cash from (used) operating	35 395	18 153	44 959	15 936	26 739	26 739	-	15 177	11 419	3 221
Net cash from (used) investing	(37 101)	(35 650)	(40 154)	(41 470)	(36 632)	(36 632)	-	(40 355)	(43 519)	(44 300)
Net cash from (used) financing	(416)	(414)	(269)	(253)	(263)	(263)	-	8 000	9 450	8 424
Cash/cash equivalents at the year end	50 993	31 776	28 255	(3 245)	18 254	18 254	-	1 673	(21 577)	(54 232)
Cash backing/surplus reconciliation										
Cash and investments available	50 993	31 776	28 255	(9 249)	18 253	18 254	-	1 672	(21 577)	(54 233)
Application of cash and investments	12 448	18 757	6 838	(1 937)	18 039	18 038	-	8 554	5 025	1 342
Balance - surplus (shortfall)	38 545	13 020	21 409	(7 312)	155	155	-	(7 522)	(25 663)	(55 575)
Asset management										
Asset register summary (WDM)	431 959	365 268	412 642	488 033	421 333	421 333	-	441 271	459 072	476 625
Depreciation	31 715	32 255	32 002	24 997	24 954	24 954	-	24 729	25 718	25 747
Renewal of Existing Assets	-	-	-	-	-	-	-	4 305	600	2 000
Repairs and Maintenance	3 503	5 033	7 020	7 613	6 130	6 130	-	7 176	7 248	7 320
Free services										
Cost of Free Basic Services provided	869	454	1 225	-	-	-	-	3 900	4 150	4 336
Revenue cost of free services provided	-	-	-	-	-	-	-	1 000	1 004	1 125
Households below minimum service level										
Water	21	-	-	-	-	-	-	-	-	-
Sanitation/sewerage	23	-	-	-	-	-	-	-	-	-
Energy	-	-	-	-	-	-	-	-	-	-
Refuse	29	29	29	29	29	29	-	-	-	-

Total operating revenue has decreased by 4.43 percent for the 2017/18 financial year when compared to the 2016/17 Adjustments Budget. For the two outer years, operational revenue will increase by 4.2 and by 1.0 percent respectively. The main reason for the decrease in revenue is a decrease in other revenue.

Total operating expenditure for the 2017/18 financial year has been appropriated at R194 822 million and translates into a budgeted deficit of R40 230 million before capital transfers. When compared to the 2016/17 Adjustments Budget, operational expenditure has remained constant in the 2017/18 budget and increases by 6.6 and increase by 6.0 percent for each of the respective outer years of the MTREF. The operating deficit, after capital grant transfers, for the two outer years increases to R12 507 million for the 2018/2019 financial year and then increases to R21 603 million for the 2019/2020 financial year. The main reason for the increase in deficit is the increasing expenditure with no corresponding increases in Revenue.

The capital budget of R40 358 million for 2017/18 will show an increase when compared to the 2016/17 Adjustment Budget. The latter has to do how the municipality has implemented its capital programmes and specifically its MIG allocation in the past. The capital programme increases to R43 519 million in the 2018/19 financial year and then in 2019/20 increases to R44 300 million. Borrowing for capital projects is planned as follows, R8 million for the 2017/18 financial year, R9 450 and R 8 424 for the two outer years. The municipality is still well within the limits of its borrowing capacity but will raise very limited loans in the near future in order to curtail possible rising debt servicing costs.

1.4 Operating Revenue Framework

For Emalahleni Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality will also have to look at to revamp its revenue enhancement strategy. The latter will assist the municipality to identify areas to improve their revenue collection. In the absence of a revenue enhancement strategy, the following information were used to help the municipality's revenue management

- National Treasury's guidelines and macroeconomic policy;
- Limited growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure an improve percentage increase in annual collection rate for property rates and other key service charges. This percentage is low compared to past history, but is being calculated conservatively due to the signs of financial stress currently being experienced;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The inflation forecasts for the MTREF period is on average 5.9 % per annum. The municipality's aim is to not exceed inflation in its annual tariff adjustments but external factors such as the Eskom increases and which are beyond the control of the municipality hampers this goal.

The following table is a summary of the 2017/18MTREF (classified by main revenue source):

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands									
Financial Performance									
Property rates	3,216	3,719	3,744	4,281	4,429	4,429	4,302	4,551	4,816
Service charges	10,743	11,120	12,006	13,742	16,241	16,241	14,265	15,037	15,967
Investment revenue	3,005	3,350	3,846	2,327	2,307	2,307	2,538	2,637	2,843
Transfers recognised - operational	90,441	112,621	145,190	129,829	131,654	131,654	123,838	128,516	128,275
Other own revenue	7,118	8,760	8,590	6,353	7,125	7,125	9,649	10,345	10,670
Total Revenue (excluding capital transfers and contributions)	122,523	139,569	173,376	156,542	161,757	161,757	154,592	161,038	162,771

The percentage revenue from own sources increases during the budget year. In the two outer years of the MTREF the increases in revenue is consistent, except electricity which is projected to increase by much higher percentages due to the increases allowed by NERSA. The growth in revenue contributions are indicated below (Excluding Capital Transfers). In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

EC136 Emalahleni (Ec) - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source										
Property rates	2	3,215	3,719	3,744	4,331	4,429	4,429	4,302	4,351	4,816
Service charges - electricity revenue	2	2,410	8,523	8,748	10,176	11,314	11,314	10,765	11,150	12,053
Service charges - water revenue	2	1,099	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	3,719	-	(47)	-	-	-	-	-	-
Service charges - refuse revenue	2	2,655	2,357	3,337	3,555	4,527	4,527	3,500	3,558	3,514
Service charges - other	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	-	737	721	771	797	520	520	515	550	572
Interest earned - external investments	-	3,005	3,350	3,845	2,327	2,307	2,307	2,510	2,637	2,843
Interest earned - outstanding debtors	-	3,455	3,500	4,633	2,767	4,833	4,833	5,216	5,524	5,844
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	115	103	82	123	53	53	337	357	372
Licences and permits	-	383	452	444	333	751	751	1,700	1,800	1,905
Agency services	-	61	65	59	1,345	55	65	558	1,015	1,074
Transfers and subsidies	-	95,441	142,581	145,190	129,829	131,654	131,654	123,638	128,516	128,275
Other revenue	2	2,326	3,474	2,371	488	553	553	522	555	597
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		122,525	139,809	173,376	156,642	161,757	161,757	154,592	161,055	162,771
Expenditure By Type										
Employee related costs	2	37,751	42,763	50,656	62,015	62,013	62,013	79,826	65,910	62,623
Remuneration of councillors	-	9,812	10,104	10,805	11,722	11,337	11,337	12,071	12,976	13,553
Debt impairment	3	556	13,567	8,527	2,526	7,526	7,526	7,500	7,928	8,371
Depreciation & asset impairment	2	31,715	32,255	22,802	24,997	24,954	24,954	24,729	25,712	26,747
Finance charges	-	550	767	622	550	550	550	557	594	670
Bulk purchases	2	12,551	14,509	15,625	18,650	13,745	13,745	15,550	16,372	16,624
Other materials	2	-	-	-	-	-	-	5,571	5,632	5,594
Contracted services	-	4,500	5,614	4,823	3,555	3,600	3,600	5,822	5,753	5,505
Transfers and subsidies	-	-	-	-	16,450	13,602	13,602	415	144	152
Other expenditure	4, 5	51,419	63,072	75,214	49,147	51,015	51,015	41,521	45,551	43,503
Loss on disposal of PPE	-	2,410	1,147	2,301	-	-	-	-	-	-
Total Expenditure		157,582	194,144	203,953	189,239	194,642	194,642	194,822	207,664	220,259
Surplus/(Deficit)		(35,056)	(44,254)	(27,611)	(32,637)	(32,855)	(32,855)	(40,230)	(46,576)	(57,479)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	26,163	30,359	30,615	32,670	26,170	26,170	32,355	34,059	35,876
Transfers and subsidies - capital (in-kind - all)	-	1,512	345	259	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(5,546)	(13,509)	3,262	13	(6,715)	(6,715)	(7,872)	(12,597)	(21,603)
Taxation	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(5,546)	(13,509)	3,262	13	(6,715)	(6,715)	(7,872)	(12,597)	(21,603)
Attributable to minorities	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(5,546)	(13,509)	3,262	13	(6,715)	(6,715)	(7,872)	(12,597)	(21,603)
Share of surplus/(deficit) of associate	7	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		(5,546)	(13,509)	3,262	13	(6,715)	(6,715)	(7,872)	(12,597)	(21,603)

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality, but operating grants forms the major funding source.

This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. **Details in this regard are contained below:**

EC136 Emalahleni (Ec) - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
REVENUE ITEMS										
Property rates	6									
Total Property Rates		3 216	3 719	3 744	4 391	4 429	4 429	5 302	5 615	5 941
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)								1 009	1 064	1 125
Net Property Rates		3 216	3 719	3 744	4 391	4 429	4 429	4 292	4 551	4 816
Service charges - electricity revenue	5									
Total Service charges-electricity revenue		2 440	8 623	8 745	10 176	11 314	11 314	12 665	13 624	14 414
less Revenue Foregone (in excess of 50 kwh per indigent household per month)										
less Cost of Free Basis Services (50 kwh per indigent household per month)		30						2 100	2 234	2 362
Net Service charges - electricity revenue		2 410	8 623	8 745	10 176	11 314	11 314	10 765	11 390	12 052
Service charges - water revenue	5									
Total Service charges-water revenue		2 047								
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)										
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		148								
Net Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue										
Total Service charges-sanitation revenue		4 141		(47)						
less Revenue Foregone (in excess of free sanitation service to indigent households)										
less Cost of Free Basis Services (free sanitation service to indigent households)		402	-	-	-	-	-	-	-	-
Net Service charges - sanitation revenue		3 739	-	(47)	-	-	-	-	-	-
Service charges - refuse revenue	5									
Total refuse removal revenue		3 014	2 811	4 552	3 556	4 927	4 927	5 300	5 613	5 933
Total landfill revenue		-	-	-						
less Revenue Foregone (in excess of one removal a week to indigent households)		-	-	-						
less Cost of Free Basis Services (removed once a week to indigent households)		319	454	1 225		-	-	1 000	1 515	2 024
Net Service charges - refuse revenue		2 695	2 357	3 327	3 556	4 927	4 927	3 500	3 698	3 914
Other Revenue by source										
Administration charges								-	-	-
Actualised Gains								-	-	-
Building plans								23	24	26
Branding of Livestock								-	-	-
Cemetery Fees								-	-	-
Onk. Haul DM (Water & Sanitation)								-	-	-
Connection Fees								-	-	-
Contributed Assets								-	-	-
Duplicate documents								-	-	-
Insurance Income								154	205	217
LGSETA								-	-	-
Pound Fees								-	-	-
Registrations								-	-	-
Reversal of Impairments								-	-	-
Reversal of contribution landfill site cost								-	-	-
Housing Admin Fees								24	26	27
Sundry Income		3 636	3 620	2 630	408	692	692	351	403	408
								-	-	-
								-	-	-
Total 'Other' Revenue	4	3 636	3 620	2 630	408	692	692	622	633	637

Tariffs for indigent households are set out below:

1	Rates free of charge to the value based on market value of his property to the maximum of R80 000
2	50 kWh free electricity per month
3	Free refuse x 4 removal per month

Operating grants and transfers totals R131 654 million in the 2016/17 financial year and decreases to R123 838 million by 2017/18. Operating grants usually fluctuates upwards or downwards from year-to-year, as the revenue recognition for such grants depends only on compliance with any conditions attached to such grants and it is also dependant on the funding available from the other spheres of Government. The unconditional Equitable Share Grant, however, is a grant growing annually according to a formula determined nationally and such formula is applicable to all local authorities on an equal basis. The contribution for Councillors Allowances also increased significantly for the budget year. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

EC136 Emalahleni (EC) - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
RECEIPTS	1, 2									
Operating Transfers and Grants										
National Government		94 185	108 978	93 169	128 929	128 929	128 929	121 340	126 469	126 119
Local Government Equitable Share		78 749	92 032	78 745	114 599	114 599	114 599	115 992	115 766	111 913
Local Government Financial Management Grant		800	1 500	800	1 500	1 500	1 500	1 545	2 600	2 800
National Government - Municipal Infrastructure Grant		1 650	1 800	1 650	2 010	2 010	2 010	1 700	1 700	1 600
Expanded Public Works Programme Integrated Grant for Municipalities		300	934	800				1 000	1 000	1 000
Integrated National Electrification Programme		10 699	11 000	10 000	9 317	9 317	9 317	-	9 000	7 000
Provincial Government		931	2 493	14	900	900	900	900	1 647	1 106
Education, Training and Development Processes SETA								50	95	43
Libraries, Archives and Museums - Library Service		891	800	800	900	900	900	900	950	1 000
Traveling				(1 010)						
District Municipality		4 449	2 717	1 600	1 415	1 415	1 415	1 300	1 000	1 000
Orma Han - Fezeng Blocks Project		1 000	1 217	1 000	1 415	1 415	1 415	1 000	1 000	1 000
Feedlot								500	-	-
CHCM other		3 449	1 500	600						
Other grant providers		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	99 441	112 591	93 783	129 829	132 634	132 634	123 630	128 516	126 275
Capital Transfers and Grants										
National Government		22 739	28 591	26 401	30 170	29 170	29 170	32 359	34 069	35 876
National Government - Municipal Infrastructure Grant		22 739	28 591	26 401	30 170	29 170	29 170	32 359	34 069	35 876
Provincial Government		-	-	-	2 900	3 000	3 000	-	-	-
Department of Roads and Public Works					2 900	3 000	3 000			
District Municipality		-	-	-	-	-	-	-	-	-
Other grant providers		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	22 739	28 591	26 401	32 670	29 170	29 170	32 359	34 069	35 876
TOTAL RECEIPTS OF TRANSFERS & GRANTS		121 181	141 182	120 189	162 499	161 805	161 805	156 136	162 585	162 151

Capital transfers as indicated above are growing steadily from R26 170 in 2017 to R35 876 million over the MTREF period.

Total revenue per municipal vote, including capital transfers, is listed below:

EC136 Emalahleni (Ec) - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

2017/18 Medium Term Revenue & Expenditure Framework											
Vote Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
Revenue by Vote											
Vote 1 - Executive and Council			5 492	6 652	6 453	6 453	6 530	6 530	6 675	7 009	7 344
Vote 2 - Corporate Services			0	55	141	-	60	50	50	55	101
Vote 3 - Budget and Treasury			77 045	110 634	125 515	110 317	115 759	115 759	120 703	120 630	119 754
Vote 4 - Economic Development Tourism and Agriculture (EDTA)			2 634	155	55	10	29	29	550	53	55
Vote 5 - Community and Social Services			14 553	8 459	9 703	9 093	12 745	12 745	11 319	12 003	12 705
Vote 6 - Infrastructure and Human Settlement (IO-S)			10 035	34 554	35 005	35 459	49 753	49 753	47 614	55 069	59 662
Total Revenue by Vote		2	100 504	171 234	206 876	169 312	187 927	187 927	186 930	195 157	199 647
Expenditure by Vote to be appropriated											
Vote 1 - Executive and Council			24 341	25 599	33 413	31 701	34 050	34 050	34 259	36 537	39 080
Vote 2 - Corporate Services			13 503	10 541	10 059	10 277	10 759	10 759	21 259	22 413	23 600
Vote 3 - Budget and Treasury			21 045	26 077	40 451	31 334	35 945	35 945	39 641	31 434	33 235
Vote 4 - Economic Development Tourism and Agriculture (EDTA)			0 000	7 345	5 351	5 635	6 429	6 429	6 603	6 315	6 700
Vote 5 - Community and Social Services			33 607	10 555	21 554	27 702	27 175	27 175	44 545	45 200	49 510
Vote 6 - Infrastructure and Human Settlement (IO-S)			55 000	75 103	77 228	74 501	71 263	71 263	55 000	63 745	67 555
Total Expenditure by Vote		2	106 049	164 743	203 614	169 299	194 642	194 642	194 822	207 664	220 250
Surplus/(Deficit) for the year		2	(5 545)	(13 509)	3 262	13	(6 715)	(6 715)	(7 892)	(12 507)	(21 603)

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6.4 percent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by an external agency, the impact it has on the municipality's electricity tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

The municipality budgets for the non-payment of accounts based on past experience of recovery rates. The municipality applies its Credit Control Policy stringently but there are always situations where there are defaults on payment. The contribution for bad debt is budgeted as follows R7 526 million in 2016/17 to R7 500 million in 2017/18 financial year.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 100 percent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R80 000;
- The limit for indigent households is twice the amount of government social pensions.

The municipality investigates a tariff structure consistent with operational requirements but also to ensure that the ratepayers are not over-burdened.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2017/18 financial year based on a general 6.2 percent increase from 1 July 2017.

		CURRENT YEAR 16/17	BUDGET YEAR 17/18	BUDGET YEAR +1 18/19	BUDGET YEAR +2 19/20
	Ratios	Excl Vat	Excl Vat	Excl Vat	Excl Vat
ASSESSMENT RATES					
Residential	1.00	0.0087	0.0092	0.0093	0.0103
Undeveloped land/Vacant land	1.00	0.0087	0.0092	0.0093	0.0103
Business	1.50	0.0130	0.0138	0.0147	0.0155
Government	1.50	0.0130	0.0138	0.0147	0.0155
Agriculture/Farms	0.25	0.0022	0.0023	0.0024	0.0026
Public Service Infrastructure	0.00	0.0000	0.0000	0.0000	0.0000
Public Benefit Organisation	0.25	0.0022	0.0023	0.0024	0.0026
Indigent subsidy will be based on market value of R 80 000 for property rates					

1.4.2 Sale of Electricity and Impact of Tariff Increases

Electricity has been increased by an average of 1.88% in line with NERSA guidelines. These tariffs are subject to approval by NERSA.

Considering the Eskom increases, the consumer tariff had to be increased by 1.88% percent to offset the additional bulk purchase cost from 1 July 2017. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity. Registered indigents will again be granted 50 kWh per 30-day period free of charge.

ELECTRICITY TARIFFS & CHARGES

Standard interest + 1.00% would be charged on all late payments

Implementation subject to NERSA approval

Tariffs are applicable throughout Emalahleni Municipality unless indicated otherwise

	CURRENT YEAR 16/17	BUDGET YEAR 17/18	BUDGET YEAR +1 18/19	BUDGET YEAR +2 19/20
Ratios	Excl Vat	Excl Vat	Excl Vat	Excl Vat
ELECTRICITY - TO BE APPROVED BY NERSA				
HOUSEHOLDS				
Indigents Prepaid				
Block 1 - 0 - 50 Kwh	0.88	0.90	0.95	1.01
Block 2 - 51 - 350 Kwh	1.12	1.14	1.21	1.28
Block 3 - 351 - 600 Kwh	1.48	1.50	1.59	1.68
Block 4 - > 600 Kwh	1.75	1.78	1.88	1.99
Domestic Conventional & Prepaids - Single Phase				
Block 1 - 0 - 50 Kwh	0.88	0.90	0.95	1.01
Block 2 - 51 - 350 Kwh	1.12	1.14	1.21	1.28
Block 3 - 351 - 600 Kwh	1.52	1.55	1.64	1.73
Block 4 - > 600 Kwh	1.79	1.82	1.93	2.04
Domestic Conventional & Prepaids - Three Phase				
Block 1 - 0 - 50 Kwh	1.18	1.20	1.27	1.35
Block 2 - 51 - 350 Kwh	1.29	1.31	1.39	1.47
Block 3 - 351 - 600 Kwh	1.56	1.59	1.68	1.78
Block 4 - > 600 Kwh	1.79	1.82	1.93	2.04
COMMERCIAL				
SMALL ≤ 3 500 Kwh				
CONVENTIONAL SINGLE PHASE				
Basic Charge /month	359.25	381.52	403.65	427.06
Energy charge: kWh	1.38	1.46	1.55	1.64
CONVENTIONAL THREE PHASE				
Basic Charge /month	734.77	780.33	825.58	873.47
Energy charge: kWh	1.38	1.46	1.55	1.64
Prepaid - Single phase	1.64	1.88	1.98	2.10
Prepaid - Three phase	1.87	1.91	2.02	2.13
LARGE > 3 500 Kwh (Dodrecht & Indwe)				
Basic Charge /month	739.17	785.00	830.53	878.70
Energy charge: kWh	0.81	0.82	0.87	0.92
Demand: R/kVA	192.11	195.72	207.07	219.08
WATER & SANITATION				
Kva meter - Kwh	1.09	1.11	1.17	1.24
- Kva	120.77	123.04	130.18	137.73
Single & Three Phase	1.38	1.40	1.49	1.57
DEPARTMENTAL/STREET LIGHTNING				
@ COST				
TEMPERING PENALTIES				
1ST OFFENCE	1 500.00	1 650.00	1 850.00	1 957.00
2ND OFFENCE	3 000.00	3 300.00	3 550.00	3 756.00
RE-CONNECTION FEE				
	3 882.83	4 108.04	4 346.30	4 598.39
NEW CONNECTIONS				
Domestic - Single Phase	903.40	955.79	1 011.23	1 069.89
Business	1 699.23	1 797.79	1 902.05	2 012.38
Business/Commercial (100 Kva)	5 116.89	5 413.66	5 727.55	6 059.86
Business/Commercial - Three Phase (50 Kva)	13 056.89	13 814.19	14 615.41	15 463.11

Electricity is regarded as a trading account which should make a profit, although NERSA monitors and limits this profit to about 10% if possible. The municipality does not make a profit on electricity

and must implement ways of achieving a profit, without overburdening the consumers with exorbitant tariffs.

Electricity line losses should be continuously monitored as it can represent a significant financial loss for the municipality. In general electricity line losses of 10% are being regarded as "acceptable" in the industry and Emalahleni Municipality is well above that norm.

Comparison between current electricity charges and increases

It should further be noted that NERSA has advised that a stepped tariff structure must be used. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The Municipality should comply with this requirement.

1.4.3 Waste Removal and Impact of Tariff Increases

The Municipality should implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main cost drivers for this section are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. In addition, the cost of new landfill sites, the effect of depreciation and rehabilitation on these landfill sites all plays an important role as cost drivers. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation should be incorporated into the next planning cycle.

Higher increases than inflation will not be viable in 2017/18 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 percent would not only be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt, but also, although on a small scale, not assisting the national government in reaching the CPIX target of between 3 and 6 percent.

The following table compares current and proposed amounts payable from 1 July 2017:

Comparison between current waste removal fees and increases

		CURRENT YEAR 16/17	BUDGET YEAR 17/18	BUDGET YEAR +1 18/19	BUDGET YEAR +2 19/20
	Ratios	Excl Vat	Excl Vat	Excl Vat	Excl Vat
REFUSE REMOVAL					
Domestic consumers		74.78	79.42	84.11	88.98
Commercial consumers		149.54	158.82	168.19	177.94
Government consumers		373.51	396.67	420.07	444.44
Indigents		74.78	79.42	84.11	88.98
Subsidy - 100%		74.78	79.42	84.11	88.98
Effective charge		0.00	0.00	0.00	0.00
Special refuse collection		273.52	289.39	306.17	323.93
Special refuse collection - Government and Commercial		325.04	343.89	363.84	384.94
Collection of garden refuse		273.52	289.39	306.17	323.93
Tree - cutting inside yard		3 089.35	3 268.53	3 458.11	3 658.69
Building rubble - per load		316.26	334.60	354.01	374.54

1.4.4 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on different households. The National Treasury adjusted the way comparatives are being calculated and for that reason current tariffs are unfortunately not included.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to about 5%, excluding the electricity adjustments.

EC136 Emalahleni (Ec) - Supporting Table SA14 Household bills

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % inc.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges											
Property rates		420.00	445.00	478.00	498.00	498.00	498.00	5.7%	528.17	553.71	587.06
Electricity Basic levy		54.00	-	-	-	-	-	-	-	-	-
Electricity Consumption		1 050.00	740.00	1 344.00	1 449.00	1 449.00	1 449.00	3.8%	1 502.04	1 559.00	1 632.00
Water Basic levy		39.04	-	-	-	-	-	-	-	-	-
Water Consumption		432.00	-	-	-	-	-	-	-	-	-
Sanitation		72.00	-	-	-	-	-	-	-	-	-
Refuse removal		65.00	68.00	70.00	74.78	74.78	74.78	5.8%	78.12	83.71	88.00
Other		-	-	-	-	-	-	-	-	-	-
sub-total		2 174.05	1 252.26	1 892.00	2 021.36	2 021.36	2 021.36	4.2%	2 106.93	2 227.21	2 358.95
VAT on Services		215.51	99.02	173.72	187.25	187.25	187.25	1.3%	194.25	205.52	217.49
Total large household bill		2 389.56	1 351.28	2 065.69	2 208.61	2 208.61	2 208.61	4.2%	2 301.18	2 432.73	2 576.44
% increase/decrease			(43.5%)	52.9%	6.9%	-	-		4.2%	5.7%	5.9%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges											
Property rates		300.00	310.54	331.42	351.00	351.00	351.00	5.7%	371.00	392.04	415.00
Electricity Basic levy		54.00	-	-	-	-	-	-	-	-	-
Electricity Consumption		545.00	370.00	559.00	601.00	601.00	601.00	55.0%	656.10	1 011.55	1 070.00
Water Basic levy		37.02	-	-	-	-	-	-	-	-	-
Water Consumption		380.25	-	-	-	-	-	-	-	-	-
Sanitation		68.75	-	-	-	-	-	-	-	-	-
Refuse removal		62.55	68.00	70.00	74.78	74.78	74.78	5.8%	78.12	83.71	88.00
Other		-	-	-	-	-	-	-	-	-	-
sub-total		1 428.07	754.04	960.97	1 028.36	1 028.36	1 028.36	36.0%	1 407.05	1 497.70	1 575.53
VAT on Services		138.03	53.55	77.24	83.11	83.11	83.11	7.9%	127.13	134.51	142.00
Total small household bill		1 566.10	807.42	1 038.21	1 111.47	1 111.47	1 111.47	38.0%	1 534.18	1 621.01	1 717.00
% increase/decrease			(48.4%)	28.4%	7.0%	-	-		38.0%	5.7%	5.9%
Monthly Account for Household - 'Indigent'	3										
Household receiving free basic services											
Rates and services charges											
Property rates		100.00	101.57	104.75	205.00	205.00	205.00	(19.4%)	160.67	177.23	188.00
Electricity Basic levy		270.00	-	-	-	-	-	-	-	-	-
Electricity Consumption		331.50	255.00	350.00	378.00	378.00	378.00	(12.1%)	330.00	348.20	359.45
Water Basic levy		37.02	-	-	-	-	-	-	-	-	-
Water Consumption		201.74	-	-	-	-	-	-	-	-	-
Sanitation		68.75	-	-	-	-	-	-	-	-	-
Refuse removal		62.55	68.00	70.00	74.78	74.78	74.78				
Other		-	-	-	-	-	-	-	-	-	-
sub-total		1 201.56	306.57	518.80	661.36	661.36	661.36	(24.6%)	493.72	527.03	550.20
VAT on Services		125.45	39.05	52.03	55.04	55.04	55.04	(1.6%)	49.03	42.03	45.07
Total small household bill		1 327.01	345.62	570.83	717.20	717.20	717.20	(24.8%)	533.26	569.92	593.66
% increase/decrease			(73.8%)	22.7%	6.9%	-	-		(24.8%)	5.7%	5.9%

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

- Guidance provided by National Treasury in Circulars 58, 59, 66, 71, 72, 74, 75, 78, 80, 85 and 86;
- Balanced budget constraint (operating expenditure should not exceed operating Revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit; Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Limitation on tariff increases.

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

EC136 Emalahleni (Ec) - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source										
Property rates	2	3,010	3,710	3,744	4,301	4,420	4,420	4,202	4,551	4,916
Service charges - electricity revenue	2	2,410	8,623	8,745	10,170	11,314	11,314	10,763	11,350	12,063
Service charges - water revenue	2	1,638	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	3,738	-	(47)	-	-	-	-	-	-
Service charges - refuse revenue	2	2,558	2,057	3,537	3,555	4,927	4,927	3,500	3,692	3,914
Service charges - other	-	-	-	-	-	-	-	-	-	-
Rental of buildings and equipment	-	707	721	771	767	520	520	815	826	972
Interest earned - external investments	3,495	3,495	3,345	3,345	2,327	2,307	2,307	2,338	2,687	2,943
Interest earned - outstanding debtors	3,495	3,495	4,833	4,833	2,767	4,833	4,833	5,215	5,524	5,844
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	115	115	103	82	123	83	83	357	357	373
Licences and permits	333	333	482	444	813	781	781	1,700	1,800	1,926
Agency services	51	51	59	59	1,345	55	55	550	1,015	1,074
Transfers and subsidies	88,441	110,531	145,180	128,828	131,634	131,634	131,634	123,838	125,516	125,275
Other revenue	2	2,303	3,474	2,571	408	653	653	622	650	657
Gain or disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		122,525	139,609	173,376	155,642	161,757	161,757	154,592	161,003	162,771
Expenditure By Type										
Employee related costs	2	37,751	42,723	53,659	62,015	62,013	62,013	78,633	85,310	92,623
Remuneration of councillors	9,812	9,812	10,104	10,685	11,728	11,337	11,337	12,071	12,578	13,650
Cost impairment	3	505	10,567	8,527	2,526	7,525	7,525	7,500	7,520	8,371
Depreciation & asset impairment	2	31,715	32,355	22,802	24,997	24,594	24,594	24,729	25,710	26,747
Finance charges	850	850	787	822	850	850	850	657	654	673
Bulk purchases	2	12,651	14,800	15,823	12,850	13,745	13,745	16,550	16,572	18,624
Other materials	8	-	-	-	-	-	-	6,571	6,523	6,654
Contracted services	4,010	4,010	5,514	4,822	3,858	3,800	3,800	5,822	5,789	5,926
Transfers and subsidies	-	-	-	-	15,428	15,602	15,602	435	144	152
Other expenditure	4, 5	51,418	63,072	75,214	45,147	51,015	51,015	41,501	45,551	49,503
Loss or disposal of PPE	8,419	8,419	1,147	8,231	-	-	-	-	-	-
Total Expenditure		157,592	184,144	200,958	183,289	194,642	194,642	194,822	207,554	220,259
Surplus/(Deficit)		(35,066)	(44,534)	(27,581)	(32,657)	(32,885)	(32,885)	(40,230)	(46,551)	(57,479)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	23,128	23,128	20,389	20,615	22,570	25,170	25,170	32,358	34,563	35,875
Transfers and subsidies - capital (monetary - all)	1,212	1,212	245	259	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(5,346)	(13,509)	3,262	13	(6,715)	(6,715)	(7,872)	(12,507)	(21,603)
Taxation										
Surplus/(Deficit) after taxation		(5,346)	(13,509)	3,262	13	(6,715)	(6,715)	(7,872)	(12,507)	(21,603)
Attributable to municipalities										
Surplus/(Deficit) attributable to municipality		(5,346)	(13,509)	3,262	13	(6,715)	(6,715)	(7,872)	(12,507)	(21,603)
Share of surplus/(deficit) of associate	7									
Surplus/(Deficit) for the year		(5,346)	(13,509)	3,262	13	(6,715)	(6,715)	(7,872)	(12,507)	(21,603)

The budgeted allocation for employee related costs for the 2017/18 financial year totals R78 926 million, which equals 41 percent of the total operating expenditure. The percentage is 41 and 42 percent in the outer years of the MTREF period. Should electricity bulk purchases and depreciation be excluded, in order to compare it with other municipalities on a more equal basis, the costs represent 54 percent of the expenditure throughout the MTREF. Based on the guidance provided by National Treasury in Circular 86 and in the absence on a new collective agreement on increases, salary increases have been factored into this budget at a percentage increase of 9 percent for the 2017/18 financial year. An annual increase of 9 percent has also been included in the two outer years of the MTREF.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been considered in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 50 percent and the Debt Write-off Policy of the Municipality. For the 2017/18 financial year, this amount equates to R7.5 million and escalates to R8 371 million by 2019/20. While this expenditure is a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R24 729 million for the 2017/18 financial and equates to 12.7 percent of the total operating expenditure. In order to measure it against other municipalities, if electricity bulk purchases are eliminated, it represents 13.9 percent of the expenditure. The average for local municipalities in recent research is 13.76 percent, and this small difference indicating that expected useful lives and depreciation rates are realistic.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. Electricity bulk purchases represent 8.5 percent of expenditure and decreases to 8 percent and 7.5 percent in the outer years. If depreciation is excluded, the percentage is 9.7 percent for the budget year.

National Treasury is introducing a new Chart of Accounts and additional expenditure line-items in the budget. One of these line-items is "Other materials". Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. This group of expenditure has been identified in order to measure sustainability of the Municipality's infrastructure. The municipality's financial systems are, however, not yet ready to implement this change and will be addressed in future budgets.

Main operational expenditure categories for the 2017/18 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2017/18 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset management policy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, National Treasury requires municipalities to adapt their costing systems to reflect these costs as Repairs and Maintenance. The municipality financial systems, as yet, cannot provide for this request and it will be implemented in future budgets.

During the compilation of the 2017/18 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, the municipality identified this, together with other strategic items, as priority to be investigated and changes to be incorporated into the next budget, if not already to the 2017/2018 Adjustments Budget. The table below provides a breakdown of the repairs and maintenance in relation to asset class:

EC136 Emalahleni (Ec) - Supporting Table SA34c Repairs and maintenance expenditure by asset class

2016/17 Expenditure by Supporting Asset Class/Reported and maintained expenditure by Asset Class										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		1,440	1,594	2,769	2,400	1,515	1,515	3,059	3,081	3,111
Roads Infrastructure		1,190	1,369	2,532	2,200	1,315	1,315	2,900	2,920	2,940
Roads		-	-	-	-	-	-	-	-	-
Road Structures		540	1,245	2,532	2,000	1,115	1,115	1,800	1,815	1,835
Road Furniture		250	324	237	200	200	200	200	222	224
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	150	150	150
Storm water Conveyance		-	-	-	-	-	-	150	150	150
Electrical Infrastructure		1,055	330	634	1,400	1,400	1,400	350	359	368
MV Substations		-	-	-	-	-	-	80	80	80
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		225	330	634	700	700	700	352	355	359
LV Networks		830	-	-	700	700	700	458	455	459
Capital Spares		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Community Assets		110	715	752	750	720	720	954	954	973
Community Facilities		110	712	752	550	550	550	834	842	851
Halls		-	-	-	-	-	-	440	444	449
Cemeteries/Crematoria		57	478	455	200	200	200	150	152	153
Police		-	-	-	-	-	-	-	-	-
Parks		-	-	-	-	-	-	-	-	-
Public Open Space		13	235	257	350	350	350	234	235	235
Sport and Recreation Facilities		-	3	-	170	140	140	120	121	122
Indoor Facilities		-	-	-	-	-	-	-	-	-
Outdoor Facilities		-	3	-	170	140	140	120	121	122
Capital Spares		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Other assets		272	1,549	1,431	1,050	553	553	400	404	405
Operational Buildings		272	1,549	1,431	1,050	553	553	400	404	405
Municipal Offices		272	1,549	1,431	1,050	553	553	400	404	405
Housing		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	250	253	255
Services		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	250	253	255
Water Rights		-	-	-	-	-	-	-	-	-
Effluent Licences		-	-	-	-	-	-	-	-	-
Solid Waste Licences		-	-	-	-	-	-	-	-	-
Computer Software and Applications		-	-	-	-	-	-	250	253	255
Local Government Software Applications		-	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		55	55	55	-	-	-	-	-	-
Furniture and Office Equipment		55	55	55	-	-	-	-	-	-
Machinery and Equipment		433	48	347	633	751	751	640	645	653
Machinery and Equipment		433	48	347	633	751	751	640	645	653
Transport Assets		255	500	555	1,570	1,320	1,320	1,402	1,415	1,430
Transport Assets		255	500	555	1,570	1,320	1,320	1,402	1,415	1,430
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	450	455	459
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	450	455	459
Total Repairs and Maintenance Expenditure	1	3,753	5,407	7,020	7,813	6,330	6,330	7,175	7,249	7,320

Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register all indigent households during the 2017/18 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained below.

The cost of the social package of the registered indigent households is financed by the municipality self and largely by utilising the municipality's unconditional equitable share, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act. The Transfer of grants because of free basic services totals

R1.8 million in the budget year of 2017/18 and increasing to R1 915 million and R2 024 million in the outer years.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

EC136 Emalahleni (Ec) Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-aud'd outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure - Vote											
Multi-year expenditure - to be appropriated	2										
Vote 1 - Executive and Council		-	-	5 977	4 500	5 000	5 000	-	4 000	5 000	6 000
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Vote 4 - Economic Development Tourism and Agriculture (EDTA)		-	-	-	-	-	-	-	1 000	1 200	1 300
Vote 5 - Community and Social Services		16 750	-	-	5 400	2 950	2 950	-	300	-	5 000
Vote 6 - Infrastructure and Human Settlement (IHS)		12 710	-	-	22 750	19 207	19 207	-	-	-	24 700
Capital multi-year expenditure sub-total	7	24 460	-	5 977	33 670	27 170	27 170	-	9 169	6 200	49 000
Single-year expenditure - to be appropriated	2										
Vote 1 - Executive and Council		300	4 201	5 210	-	-	-	-	100	200	-
Vote 2 - Corporate Services		100	4 200	-	2 000	2 000	2 000	-	1 000	1 000	1 000
Vote 3 - Budget and Treasury		1 640	2 371	1 200	-	-	-	-	-	100	-
Vote 4 - Economic Development Tourism and Agriculture (EDTA)		1 597	-	1 210	-	-	-	-	350	500	-
Vote 5 - Community and Social Services		602	20 472	13 504	4 500	5 000	5 000	-	3 070	32 219	1 500
Vote 6 - Infrastructure and Human Settlement (IHS)		7 770	7 544	10 600	1 100	1 021	1 021	-	20 500	2 400	1 500
Capital single-year expenditure sub-total		12 600	35 455	42 919	7 600	9 677	9 677	-	34 100	37 319	4 300
Total Capital Expenditure - Vote		37 131	35 455	48 896	41 470	36 847	36 847	-	43 339	43 519	44 300
Capital Expenditure - Functional											
Governance and administration		2 500	10 844	15 433	6 700	7 930	7 930	-	5 600	6 750	7 300
Executive and Council		300	4 201	5 210	-	-	-	-	100	200	-
Finance and administration		1 640	2 371	1 200	-	-	-	-	-	100	-
Internal audit		100	4 200	-	2 000	2 000	2 000	-	1 000	1 000	1 000
Community and public safety		6 405	18 257	13 504	6 414	7 047	7 047	-	3 239	31 419	9 500
Community and social services		2 357	10 254	11 500	5 414	7 047	7 047	-	3 100	31 419	5 500
Sport and recreation		4 000	4 000	1 500	-	-	-	-	-	-	-
Public safety		1 275	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		22 077	7 541	19 500	21 000	17 942	17 942	-	10 904	4 400	25 100
Planning and development		1 597	200	1 210	-	-	-	-	1 540	2 100	1 000
Road transport		20 400	7 170	18 300	21 000	17 942	17 942	-	17 075	2 300	20 600
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		3 970	1 014	-	7 354	3 000	3 000	-	12 525	900	2 400
Energy services		-	-	-	2 000	2 000	2 000	-	2 004	100	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	1 840	-	2 400
Waste management		3 970	1 014	-	4 400	975	975	-	1 000	800	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	-	-	-	-	-	-	-	49 339	43 519	44 300
Funded by:											
National Government		20 100	20 142	30 615	30 170	28 170	28 170	-	32 358	34 000	35 076
Provincial Government		-	157	-	2 500	5 000	5 000	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised capital	4	28 190	30 333	30 615	32 670	26 170	26 170	-	32 358	34 000	35 076
Public contributions & donations	5	1 310	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	134	-	-	-	-	2 000	5 400	8 424
Internally generated funds		7 591	3 057	12 147	5 000	10 677	10 677	-	-	-	-
Total Capital Funding	7	37 131	35 455	49 896	41 470	36 847	36 847	-	49 339	43 519	44 300

The following table provides more information on the breakdown of the capital budget and the related maintenance of assets.

EC136 Emalahleni (Ec) - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1			
<u>Capital expenditure on new assets by Asset Class/Sub-class</u>				
<u>Infrastructure</u>		16,567	100	700
Roads Infrastructure		8,862	—	700
Roads		—	—	—
Road Structures		8,862	—	700
Storm water infrastructure		896	—	—
Drainage Collection		—	—	—
Storm water Conveyance		896	—	—
Attenuation		—	—	—
Electrical Infrastructure		5,609	100	—
LV Networks		5,609	—	—
Capital Spares		—	100	—
Water Supply Infrastructure		—	—	—
Sanitation Infrastructure		—	—	—
Solid Waste Infrastructure		1,000	—	—
Landfill Sites		1,000	—	—
Rail Infrastructure		—	—	—
Coastal Infrastructure		—	—	—
Information and Communication Infrastructure		—	—	—
<u>Community Assets</u>		2,359	29,950	3,000
Community Facilities		2,059	17,971	3,000
Halls		—	—	—
Centres		—	10,471	—
Testing Stations		—	7,500	—
Public Open Space		2,059	—	3,000
Sport and Recreation Facilities		300	7,979	—
Indoor Facilities		—	—	—
Outdoor Facilities		300	7,979	—
Capital Spares		—	—	—
<u>Heritage assets</u>		—	—	—
<u>Investment properties</u>		—	—	—
Revenue Generating		—	—	—
Non-revenue Generating		—	—	—
<u>Other assets</u>		4,000	5,000	6,000
Operational Buildings		4,000	5,000	6,000
Municipal Offices		4,000	5,000	6,000
Housing		—	—	—
<u>Biological or Cultivated Assets</u>		—	800	—
Biological or Cultivated Assets		—	800	—
<u>Intangible Assets</u>		—	—	—
Licences and Rights		—	—	—
<u>Computer Equipment</u>		700	200	150
Computer Equipment		700	200	150
<u>Furniture and Office Equipment</u>		350	950	150
Furniture and Office Equipment		350	950	150
<u>Machinery and Equipment</u>		720	2,200	1,500
Machinery and Equipment		720	2,200	1,500
<u>Transport Assets</u>		1,030	1,000	1,000
Transport Assets		1,030	1,000	1,000
<u>Libraries</u>		—	—	—
Libraries		—	—	—
<u>Zoo's, Marine and Non-biological Animals</u>		1,569	1,200	2,800
Zoo's, Marine and Non-biological Animals		1,569	1,200	2,800
Total Capital Expenditure on new assets	1	27,295	37,400	15,300

1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 6 MBRR SA35. This table shows that future operational costs associated with the capital programme totals R40 358 million in 2017/18 and escalates to R44 300 million by 2019/20. This concomitant operational expenditure is expected to escalate to R44.3 million by 2019/20. It needs to be noted that as part of the 2019/20 MTREF, this expenditure has been factored into the two outer years of the operational budget.

EC136 Emalahleni (Ec) - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Present value
R thousand								
Capital expenditure	1							
Vote 1 - Executive and Council		4 100	5 250	6 000				
Vote 2 - Corporate Services		1 550	1 350	1 300				
Vote 3 - Budget and Treasury		-	150	-				
Vote 4 - Economic Development Tourism and Agriculture (EDTA)		1 045	2 100	1 300				
Vote 5 - Community and Social Services		6 279	32 219	9 500				
Vote 6 - Infrastructure and Human Settlement (IDHS)		26 520	2 450	26 200				
Total Capital Expenditure		40 350	43 519	44 300	-	-	-	-
Future operational costs by vote	2							
Vote 1 - Executive and Council								
Vote 2 - Corporate Services								
Vote 3 - Budget and Treasury								
Vote 4 - Economic Development Tourism and Agriculture (EDTA)								
Vote 5 - Community and Social Services								
Vote 6 - Infrastructure and Human Settlement (IDHS)								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3,4							
Property rates								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		40 350	43 519	44 300	-	-	-	-

1.7 Annual Budget Tables

(The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2017/18 budget and MTREF to be approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.)

EC136 Emalahleni (Ec) - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands									
Financial Performance									
Property rates	2 218	3 719	3 744	4 351	4 428	4 429	4 302	4 551	4 516
Service charges	10 743	11 160	12 038	13 743	16 241	16 241	14 255	15 037	15 557
Investment revenue	3 005	3 350	3 845	2 327	2 307	2 307	2 538	2 637	2 843
Transfers recognised - operational	68 441	112 881	145 190	129 829	131 654	131 654	123 838	129 516	128 275
Other own revenue	7 118	8 760	8 590	6 353	7 125	7 125	6 848	10 245	10 670
Total Revenue (excluding capital transfers and contributions)	122 525	139 669	175 376	156 642	161 757	161 757	154 562	161 088	162 771
Employee costs	37 781	42 765	55 855	62 015	62 013	62 013	78 526	85 310	92 628
Remuneration of councillors	9 812	10 104	10 235	11 728	11 237	11 237	12 075	12 375	13 550
Depreciation & asset impairment	31 715	32 255	22 802	24 697	24 554	24 554	24 729	25 716	26 747
Finance charges	630	787	622	850	850	850	637	654	670
Materials and bulk purchases	12 651	14 809	15 325	18 650	13 745	13 745	23 121	23 205	23 318
Transfers and grants	—	—	—	16 430	18 602	18 602	435	144	152
Other expenditure	84 783	33 400	97 394	54 625	63 141	63 141	54 833	55 647	62 785
Total Expenditure	157 532	124 122	203 332	158 299	154 642	154 642	154 822	160 954	162 250
Surplus/(Deficit)	(35 007)	(44 254)	(27 956)	(2 657)	(32 225)	(32 225)	(40 260)	(49 866)	(57 479)
Transfers and subsidies - capital (monetary alloc)	28 158	30 339	30 815	32 570	26 170	26 170	32 358	24 069	35 576
Contributions recognised - capital & contributed as	1 312	257	258	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	(6 545)	(13 509)	3 262	13	(6 715)	(6 715)	(7 902)	(12 507)	(21 503)
Share of surplus/(deficit) of associate	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	(6 545)	(13 509)	3 262	13	(6 715)	(6 715)	(7 902)	(12 507)	(21 503)
Capital expenditure & funds sources									
Capital expenditure	37 101	38 455	48 095	41 470	38 247	38 247	40 352	43 515	44 300
Transfers recognised - capital	28 158	30 142	28 615	32 570	26 170	26 170	32 358	24 069	35 576
Public contributions & donations	1 312	257	—	—	—	—	—	—	—
Borrowing	—	—	134	—	—	—	5 000	9 480	8 424
Internally generated funds	7 531	8 057	18 147	8 500	10 677	10 677	—	—	—
Total sources of capital funds	37 101	38 455	48 815	41 470	38 247	38 247	40 352	43 515	44 300
Financial position									
Total current assets	70 455	58 560	45 005	37 203	31 380	31 380	18 578	23 005	28 434
Total non-current assets	431 669	395 297	412 845	428 064	425 642	425 642	441 271	459 072	476 625
Total current liabilities	47 536	39 467	41 420	42 769	44 557	44 557	47 212	71 503	107 241
Total non-current liabilities	8 554	6 241	7 000	6 529	8 029	8 029	16 454	26 436	35 332
Community wealth/Equity	459 540	406 170	408 430	429 589	404 417	404 417	335 545	304 035	362 455
Cash flows									
Net cash from (used) operating	25 355	18 133	44 359	15 505	26 730	26 730	15 177	11 415	3 221
Net cash from (used) investing	(37 101)	(38 955)	(48 154)	(41 470)	(38 632)	(38 632)	(40 352)	(43 515)	(44 300)
Net cash from (used) financing	(415)	(414)	(258)	(263)	(263)	(263)	3 000	9 480	8 424
Cash/cash equivalents at the year end	20 839	31 776	28 295	(9 245)	15 254	15 254	1 073	(21 577)	(54 232)
Cash backing/surplus reconciliation									
Cash and investments available	50 933	31 776	28 295	(9 245)	15 253	15 254	1 072	(21 577)	(54 233)
Application of cash and investments	12 448	18 757	5 935	(1 937)	18 000	18 000	5 554	5 035	1 242
Balance - surplus (shortfall)	38 545	13 020	21 409	(7 312)	155	155	(7 522)	(26 553)	(55 575)
Asset management									
Asset register summary (WDA)	431 669	395 288	412 845	428 063	431 333	431 333	441 271	459 072	476 625
Depreciation	31 715	32 255	22 802	24 697	24 554	24 554	24 729	25 716	26 747
Renewal of Existing Assets	—	—	—	—	—	—	4 305	100	2 000
Repairs and Maintenance	3 503	5 023	7 020	7 613	6 130	6 130	7 176	7 240	7 320
Free services									
Cost of Free Basic Services provided	359	454	1 225	—	—	—	3 900	4 180	4 355
Revenue cost of free services provided	—	—	—	—	—	—	1 000	1 054	1 125
Households below minimum service level									
Water	21	—	—	—	—	—	—	—	—
Sanitation/sewage	23	—	—	—	—	—	—	—	—
Energy	—	—	—	—	—	—	—	—	—
Refuse	29	29	29	29	29	29	—	—	—

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is negative over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. There are provisions for borrowings in the cash flows;
 - iii. The fact that the municipality's cash flow is negative indicates that the necessary cash resources are not available to fund the Capital Budget and therefore borrowings are needed to fund these capital projects.
4. Significant assistance is being given to the indigent households.

EC136 Emalahleni (Ec) - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional										
Governance and administration		91,254	107,654	132,966	124,775	123,339	125,399	127,468	128,032	126,199
Executive and council		5,492	6,552	6,450	6,459	6,550	6,550	6,575	7,000	7,344
Finance and administration		35,783	100,634	125,516	115,317	118,759	118,759	120,793	121,023	118,655
Internal audit		0	65	1,000	-	60	60	-	-	-
Community and public safety		1,459	2,060	1,137	4,348	4,885	4,695	1,617	1,182	1,245
Community and social services		1,424	2,035	1,055	4,273	4,573	4,573	1,570	1,112	1,155
Sport and recreation		-	-	-	-	-	-	23	24	26
Public safety		12	5	67	-	-	-	-	-	-
housing		21	-	24	74	27	27	24	25	27
health		-	-	-	-	-	-	-	-	-
Economic and environmental services		35,174	34,937	34,750	35,434	29,718	29,718	37,359	39,245	41,241
Planning and development		2,634	130	55	10	29	29	25,400	28,008	40,110
Road transport		22,280	34,638	34,654	25,474	23,683	23,683	25,500	26,000	1,100
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		62,378	26,524	38,923	24,676	29,174	29,174	17,697	23,711	26,609
Energy services		19,273	20,110	20,257	19,511	21,038	21,038	11,187	15,835	19,825
Water management		22,288	-	-	-	-	-	-	-	-
Waste water management		9,202	-	(47)	-	-	-	-	-	-
Waste management		4,620	6,414	7,613	4,767	8,136	8,136	6,500	6,875	7,275
Other	4	229	-	-	27	32	32	2,919	2,938	3,159
Total Revenue - Functional	2	190,504	171,234	206,876	159,312	187,927	187,927	166,956	195,157	198,647
Expenditure - Functional										
Governance and administration		67,408	71,817	105,834	81,362	89,775	89,775	95,352	99,775	105,425
Executive and council		24,741	25,555	33,443	24,701	34,060	34,060	22,620	34,378	38,009
Finance and administration		28,454	28,877	40,828	31,334	35,545	35,545	40,511	40,347	48,434
Internal audit		13,483	10,541	21,652	13,277	10,769	10,769	1,516	2,040	2,192
Community and public safety		21,995	14,554	7,285	20,656	19,771	19,771	20,976	21,071	22,304
Community and social services		18,553	12,171	4,459	17,426	15,832	15,832	18,145	12,797	13,650
Sport and recreation		687	835	-	1,339	1,478	1,478	5,097	5,284	5,505
Public safety		1,543	592	1,500	-	-	-	-	-	-
housing		1,201	800	1,259	2,131	2,761	2,761	3,751	3,610	3,245
health		-	-	-	-	-	-	-	-	-
Economic and environmental services		35,739	41,276	43,309	46,206	47,724	47,724	38,255	40,110	42,205
Planning and development		2,031	7,242	5,151	5,620	6,429	6,429	28,650	31,331	33,174
Road transport		27,655	33,833	37,459	40,655	41,294	41,294	8,805	8,753	9,031
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		70,445	57,056	47,993	40,230	36,915	36,915	37,039	43,364	45,751
Energy services		23,419	22,813	22,621	21,814	27,207	27,207	21,635	28,919	29,250
Water management		28,439	-	-	-	-	-	-	-	-
Waste water management		11,692	-	-	-	-	-	1,345	1,453	1,571
Waste management		5,755	17,216	11,002	3,415	5,708	5,708	14,160	14,002	15,430
Other	4	382	-	-	534	457	457	3,149	3,143	3,555
Total Expenditure - Functional	3	196,050	184,743	203,614	160,239	194,642	194,642	194,822	207,664	220,253
Surplus/(Deficit) for the year		(5,546)	(13,509)	3,262	13	(6,715)	(6,715)	(7,872)	(12,507)	(21,606)

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for any of the trading services. As already noted above, the municipality will be undertaking a detailed study of these functions to explore ways of improving efficiencies and provide a basis for re-evaluating these functions' tariff structures.
- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

EC136 Emalahleni (Ec) - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		R thousand								
Revenue by Vote	1									
Vote 1 - Executive and Council		5 422	6 652	6 450	5 458	6 522	6 522	6 675	7 025	7 344
Vote 2 - Corporate Services		0	60	141	-	60	60	60	60	101
Vote 3 - Budget and Treasury		77 340	100 634	125 516	110 317	110 756	110 759	120 703	120 822	118 704
Vote 4 - Economic Development Tourism and Agriculture (EDTA)		2 834	163	55	10	29	29	550	55	55
Vote 5 - Community and Social Services		14 930	8 459	9 710	9 063	12 745	12 745	11 515	12 005	12 729
Vote 6 - Infrastructure and Human Settlement (DHS)		60 005	54 554	65 005	55 459	49 753	49 753	47 614	55 055	55 632
Total Revenue by Vote	2	150 504	171 234	206 876	189 312	187 927	187 927	186 539	195 137	193 647
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council		24 341	25 559	33 413	31 701	34 050	34 050	34 050	36 637	39 000
Vote 2 - Corporate Services		13 633	10 541	19 055	12 277	13 769	13 769	21 269	22 410	23 600
Vote 3 - Budget and Treasury		24 545	26 277	40 451	31 324	36 945	36 945	30 649	31 454	33 235
Vote 4 - Economic Development Tourism and Agriculture (EDTA)		8 031	7 345	6 851	5 630	6 429	6 429	6 833	6 515	6 730
Vote 5 - Community and Social Services		31 607	30 355	22 554	27 705	27 175	27 175	44 545	45 000	49 510
Vote 6 - Infrastructure and Human Settlement (DHS)		55 002	75 103	77 229	74 601	71 293	71 293	56 509	61 745	67 655
Total Expenditure by Vote	2	156 943	164 743	203 514	183 239	191 642	191 642	194 622	207 664	220 230
Surplus/(Deficit) for the year	2	(5 346)	(13 509)	3 262	13	(6 715)	(6 715)	(7 872)	(12 507)	(21 603)

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. This table is the main driver of management- responsibility and performance in terms of the operating budget and also the benchmark against which any unauthorised expenditure will be measured.

EC136 Emalahleni (Ec) - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
	1		3 318	3 719	3 744	4 381	4 428	4 428	4 302	4 881	4 918
	2		2 410	3 823	3 745	10 176	11 214	11 214	10 765	11 350	12 053
	2		1 698	-	-	-	-	-	-	-	-
	2		3 759	-	(47)	-	-	-	-	-	-
	2		2 615	2 057	3 337	1 858	4 627	4 627	3 600	3 603	3 614
			-	-	-	-	-	-	-	-	-
			737	724	771	737	820	820	815	850	972
			3 005	3 050	3 849	3 327	2 307	2 307	2 606	2 697	2 643
			3 495	3 600	4 633	2 787	4 833	4 833	5 216	5 504	5 044
			-	-	-	-	-	-	-	-	-
			115	100	93	133	133	133	133	133	133
			203	452	444	839	761	761	1 700	1 800	1 805
			61	65	69	1 345	65	65	632	1 015	1 074
			55 841	112 831	145 183	129 839	131 654	131 654	123 630	128 518	128 275
	2		2 328	3 474	2 571	438	853	853	822	850	897
			-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)			122 525	139 609	173 376	136 642	161 757	161 757	134 592	161 059	162 771
Expenditure By Type											
	2		37 751	42 769	53 655	60 015	60 015	60 015	78 625	85 010	84 628
			9 812	10 104	10 265	11 703	11 037	11 037	12 071	12 976	13 950
	3		895	13 567	8 527	2 535	7 526	7 526	7 500	7 526	8 171
	2		31 715	32 355	21 602	24 557	24 554	24 554	24 729	25 712	25 747
			680	707	622	650	650	650	637	654	670
	2		12 251	14 808	15 669	10 050	10 745	10 745	10 550	10 572	10 524
	3		-	-	-	-	-	-	6 571	6 632	6 654
			4 010	5 614	4 202	3 855	2 800	3 800	5 002	5 703	5 605
			-	-	-	18 420	18 602	18 602	435	144	152
	4 5		51 419	53 672	75 214	43 147	51 615	51 615	41 501	45 551	45 608
			8 419	1 147	8 601	-	-	-	-	-	-
Total Expenditure			197 682	184 144	210 989	183 289	194 642	194 642	194 822	207 664	220 259
Surplus/(Deficit)			(35 056)	(44 534)	(27 611)	(32 657)	(32 825)	(32 825)	(40 230)	(46 576)	(57 473)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and Local)			20 190	30 399	20 819	32 670	28 170	28 170	32 350	34 050	39 576
Transfers and subsidies - capital (in-kind - all)			1 012	240	259	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions			(5 546)	(13 503)	3 262	13	(6 715)	(6 715)	(7 872)	(12 507)	(21 603)
Taxation			-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation			(5 546)	(13 503)	3 262	13	(6 715)	(6 715)	(7 872)	(12 507)	(21 603)
Attributable to minorities			-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality			(5 546)	(13 503)	3 262	13	(6 715)	(6 715)	(7 872)	(12 507)	(21 603)
Share of surplus/deficit of associate			-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year			(5 546)	(13 503)	3 262	13	(6 715)	(6 715)	(7 872)	(12 507)	(21 603)

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue, excluding capital transfers, is R154 592million in 2017/18 and escalates to R162 771 million by 2019/20. This represents a year-on-year decrease of 4 percent for the 2017/18 and year-on-year increase of 4 and 1 percent for the for the two outer years.
2. Revenue to be generated from property rates is R4 429million in the 2016/17 financial year and decreases to R4 302 million in 2017/18 which represents only 3 percent of the operating revenue base (excluding capital transfers) of the Municipality and therefore remains an insignificant funding source for the municipality. The decrease is due to data cleansing undertaken during the preparation of data migration into mSCOA compliant financial system, duplicated accounts were identified and many other errors that have now resulted in the municipality to have a more correct and reliable data on which it could base its revenue estimations. It remains relatively constant over the medium-term and tariff increases have been factored in at 6 percent for each of the respective outer financial years of the MTREF.
3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R14 625million for the 2017/18 financial year and increasing to R15 967million by 2019/20. For the 2017/18 financial year services charges amount to 9.2 percent of the total revenue base and stays relatively constant over the MTREF period.

4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. Transfers are fluctuating according to grants provided for by the respective governments.
5. The following graph illustrates the major expenditure items per type.

EXPENDITURE ITEMS BY TYPE



Expenditure by major type

6. Bulk purchases have significantly increased over the 2016/17 to 2017/18 period escalating from R 13 745 million to R23 121million. These increases can be attributed to the credit that was received in the current year from Eskom due to areas where Eskom had illegal connections that were now disconnected. Similar provision has not been made for the MTREF period as there is no official confirmation from Eskom that there will be any further credits on the Municipals account.
7. Employee related costs, depreciation, operating grant expenditure and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

EC136 Emalahleni (EC) - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		-	-	5 977	4 500	5 000	5 000	-	4 500	5 000	5 000
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Vote 4 - Economic Development Tourism and Agriculture (EDTA)		-	-	-	-	-	-	-	1 500	1 200	1 200
Vote 5 - Community and Social Services		11 750	-	-	6 400	2 000	2 000	-	600	-	3 000
Vote 6 - Infrastructure and Human Settlement (IHS)		12 710	-	-	20 780	19 200	19 200	-	-	-	24 700
Capital multi-year expenditure sub-total		24 460	-	5 977	31 680	27 170	27 170	-	6 100	6 200	43 900
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		200	4 000	9 210	-	-	-	-	100	200	-
Vote 2 - Corporate Services		100	4 000	-	2 000	2 000	2 000	-	1 500	1 300	1 300
Vote 3 - Budget and Treasury		1 540	2 370	1 200	-	-	-	-	-	150	-
Vote 4 - Economic Development Tourism and Agriculture (EDTA)		1 557	-	1 210	-	-	-	-	210	600	-
Vote 5 - Community and Social Services		600	20 070	13 804	4 500	5 000	5 000	-	3 000	20 210	1 300
Vote 6 - Infrastructure and Human Settlement (IHS)		7 770	7 540	10 600	1 100	1 600	1 600	-	20 600	2 400	1 300
Capital single-year expenditure sub-total		12 638	36 456	42 915	7 600	9 600	9 600	-	34 100	37 310	4 300
Total Capital Expenditure - Vote		37 101	36 456	48 895	41 470	36 770	36 770	-	40 350	43 510	48 200
Capital Expenditure - Functional											
Governance and administration		2 559	10 044	15 433	6 700	7 930	7 930	-	5 600	6 750	7 300
Executive and council		200	4 000	9 210	-	-	-	-	100	200	-
Finance and administration		1 540	2 370	1 200	-	-	-	-	-	-	-
Internal audit		133	4 000	8 210	2 200	2 900	2 900	-	-	-	-
Community and public safety		6 463	18 297	13 666	6 414	7 047	7 047	-	3 200	31 410	9 500
Community and social services		3 600	10 000	11 200	3 414	7 047	7 047	-	3 200	31 410	9 500
Sports and recreation		4 100	4 000	1 900	-	-	-	-	-	-	-
Public safety		1 270	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		22 677	7 541	19 500	21 000	17 942	17 942	-	19 924	4 450	23 100
Planning and development		1 557	200	1 210	-	-	-	-	1 540	2 100	1 300
Road transport		20 400	7 270	18 290	21 000	17 942	17 942	-	17 070	2 350	23 800
Environment protection		-	-	-	-	-	-	-	-	-	-
Trading services		3 970	1 614	-	7 354	3 600	3 600	-	12 520	900	2 400
Energy services		-	-	-	2 000	2 000	2 000	-	9 000	100	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	1 600	-	2 400
Waste management		2 970	1 614	-	4 400	976	976	-	1 000	500	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional		-	-	-	-	-	-	-	40 350	43 510	48 200
Funded by:											
National Government		20 400	10 140	10 815	10 470	13 470	13 470	-	12 350	30 000	15 070
Provincial Government		-	257	-	2 500	3 000	3 000	-	-	-	-
Local Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	20 400	10 397	10 815	32 970	26 170	26 170	-	32 350	30 000	15 070
Public contributors & donations	5	1 310	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	104	-	-	-	-	3 000	3 450	2 424
Internally generated funds		7 391	6 059	18 147	5 000	10 577	10 577	-	-	-	-
Total Capital Funding	7	37 101	36 456	48 895	41 470	36 770	36 770	-	40 350	43 510	48 200

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

3. The capital program is funded from national grants and transfers and borrowings.

MBRR Table A6 -Budgeted Financial Position

EC136 Emalahleni (Ec) - Table A6 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS											
Current assets											
Cash			6 379	3 213	6 272	-	10 253	16 253	1 072	-	-
Call investment deposits	1	-	41 514	28 563	28 023	-	-	-	-	-	-
Consumer deposits	1	-	16 284	22 532	10 268	34 168	13 107	13 107	17 926	23 025	28 453
Other debtors			2 620	2 222	5 411	2 455	0	0	0	0	0
Current portion of long-term receivables			-	-	-	-	-	-	-	-	-
Inventory	2		619	-	-	-	-	-	-	-	-
Total current assets		-	70 435	56 530	49 695	37 263	31 360	31 360	18 979	23 035	28 434
Non current assets											
Long-term receivables			-	-	-	-	-	-	-	-	-
Investments			-	-	-	-	-	-	-	-	-
Investment property			6 364	5 433	4 247	5 424	4 247	4 247	3 572	3 657	3 594
Investment in Associate			-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	-	423 152	389 475	436 233	481 374	421 009	421 009	436 925	455 023	472 028
Agricultural			-	-	-	-	-	-	-	-	-
Biological			-	-	-	-	-	-	-	-	-
Intangible			269	307	131	164	254	204	191	177	163
Other non-current assets			124	163	183	163	163	163	163	163	163
Total non current assets		-	431 569	395 237	442 643	488 664	425 642	425 642	441 271	459 072	476 625
TOTAL ASSETS		-	502 405	451 077	492 338	525 927	457 002	457 002	460 250	482 077	505 059
LIABILITIES											
Current liabilities											
Bank overdraft	1		311	-	-	9 049	-	-	-	21 577	54 333
Borrowing	4	-	-	263	353	210	310	210	310	310	310
Consumer deposits	4	-	16 379	-	-	-	-	-	-	-	-
Trade and other payables	4	-	6 773	20 582	22 336	17 353	26 000	26 000	26 501	23 061	29 776
Provisions			23 962	19 612	19 074	21 022	19 246	19 246	20 401	21 625	22 823
Total current liabilities		-	47 935	39 467	41 420	49 769	44 557	44 557	47 212	71 603	107 241
Non current liabilities											
Borrowing		-	235	547	255	263	233	233	3 233	17 733	26 163
Provisions		-	6 719	5 634	6 705	6 545	7 745	7 745	8 210	8 702	9 325
Total non current liabilities		-	6 954	6 241	7 660	6 829	8 029	8 029	16 434	26 436	35 382
TOTAL LIABILITIES		-	54 889	45 708	49 080	56 598	52 586	52 586	63 705	98 039	142 624
NET ASSETS	5	-	447 515	405 369	443 258	469 329	404 417	404 417	396 545	384 038	362 434
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)			459 543	406 170	435 433	469 599	404 417	404 417	396 545	384 038	362 435
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	-	459 543	406 170	435 433	469 599	404 417	404 417	396 545	384 038	362 435

Explanatory notes to Table A6 - Budgeted Financial Position

1. The Budgeted Financial Position is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order

of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. This table is supported by an extensive table of notes (SA3 which can be found on later in this report providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

MBRRTable A7 - Budgeted Cash Flow Statement

EC136 Emaahleni (Ec) - Table A7 Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		3,310	3,719	12,549	2,310	2,310	2,310		2,154	2,276	2,409
Service charges		11,093	(4,027)	10,020	7,617	7,617	7,617		7,100	7,644	7,600
Other revenue					2,709	4,707	4,727		4,028	4,276	4,539
Government - operating	1	69,441	112,051	145,190	129,520	132,454	132,454		122,536	126,516	129,276
Government - capital	1	22,719	28,501	30,615	32,670	33,170	33,170		32,389	34,009	35,876
Interest		8,500	7,500	9,479	3,784	4,707	4,707		5,146	5,446	5,755
Dividends					-	-	-		-	-	-
Payments											
Suppliers and employees		(106,428)	(129,523)	(160,662)	(166,575)	(133,159)	(133,159)		(159,031)	(163,604)	(170,804)
Finance charges		(127)	(53)	(120)	(350)	(650)	(650)		(557)	(604)	(670)
Transfers and Grants	1				(3,672)	(19,255)	(19,255)		(405)	(144)	(152)
NET CASH FROM/(USED) OPERATING ACTIVITIES		35,336	16,153	44,969	15,966	26,730	26,730	-	15,177	11,419	3,221
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				360	-	-	-		-	-	-
Decrease (increase) in non-current debtors					-	-	-		-	-	-
Decrease (increase) other non-current assets					-	-	-		-	-	-
Decrease (increase) in non-current investments					-	-	-		-	-	-
Payments											
Capital assets		(37,101)	(36,936)	(43,314)	(41,470)	(36,632)	(36,632)		(40,356)	(43,519)	(44,300)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(37,101)	(36,936)	(43,314)	(41,470)	(36,632)	(36,632)	-	(40,356)	(43,519)	(44,300)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short-term loans					-	-	-		-	-	-
Borrowing long-term financing					-	-	-		8,500	9,450	8,424
Increase (decrease) in consumer deposits		(110)			-	-	-		-	-	-
Payments											
Repayment of borrowing		(265)	(414)	(255)	(253)	(253)	(253)		-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(416)	(414)	(255)	(253)	(253)	(253)	-	8,626	9,450	8,424
NET INCREASE/(DECREASE) IN CASH HELD		(2,122)	(19,217)	(3,451)	(23,827)	(16,166)	(16,166)	-	(17,101)	(22,650)	(32,655)
Cash/cash equivalents at the year begin	2	53,115	59,993	31,776	16,570	28,419	28,419		10,233	1,073	(24,577)
Cash/cash equivalents at the year end	2	59,993	31,776	28,285	(3,243)	10,234	10,234	-	1,073	(21,577)	(54,232)

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2017/18 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. Cash and cash equivalents totals R1 073 million as at the end of the 2017/18 financial year and decrease to R (54 232) million by 2019/20.

MBRRTable A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

EC136 Emalahleni (Ec) - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	50,993	31,776	28,296	(9,249)	18,254	18,254	-	1,073	(21,577)	(54,232)
Other current investments > 90 days		0	0	0	-	(0)	-	-	(0)	(0)	(0)
Non-current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		50,993	31,776	28,296	(9,249)	18,253	18,254	-	1,072	(21,577)	(54,233)
Application of cash and investments											
Unspent conditional transfers		1,501	349	1,157	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	10,545	12,408	5,728	(1,537)	18,008	18,008	-	8,594	5,065	1,342
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments		12,446	12,757	6,886	(1,937)	18,008	18,008	-	8,594	5,065	1,342
Surplus/(shortfall)		38,547	19,020	21,409	(7,312)	165	165	-	(7,522)	(26,642)	(55,575)

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. The table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
2. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". The municipality's budget is therefore unfunded over the MTREF as the above table reflects deficits over the MTREF.
3. As part of the budgeting and planning guidelines that informed the compilation of the 2017/18 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

MBRR Table A9 - Asset Management**EC136 Emalahleni (Ec) - Table A9 Asset Management**

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand				
CAPITAL EXPENDITURE				
<u>Total New Assets</u>	1	27,295	37,400	15,300
Roads Infrastructure		8,552	—	700
Storm water Infrastructure		565	—	—
Electrical Infrastructure		5,808	100	—
Water Supply Infrastructure		—	—	—
Sanitation Infrastructure		—	—	—
Solid Waste Infrastructure		1,000	—	—
Rail Infrastructure		—	—	—
Coastal Infrastructure		—	—	—
Information and Communication Infrastructure		—	—	—
Infrastructure		16,567	100	700
Community Facilities		2,059	17,971	3,000
Sport and Recreation Facilities		300	7,979	—
Community Assets		2,359	25,950	3,000
Heritage Assets		—	—	—
Revenue Generating		—	—	—
Non-revenue Generating		—	—	—
Investment properties		—	—	—
Operational Buildings		4,000	5,000	6,000
Housing		—	—	—
Other Assets		4,000	5,000	6,000
Biological or Cultivated Assets		—	800	—
Services		—	—	—
Licences and Rights		—	—	—
Intangible Assets		—	—	—
Computer Equipment		700	200	150
Furniture and Office Equipment		350	950	150
Machinery and Equipment		720	2,200	1,500
Transport Assets		1,030	1,000	1,000
Libraries		—	—	—
Zoo's, Marine and Non-biological Animals		1,563	1,200	2,800

Total Renewal of Existing Assets	2	4,305	800	2,000
Roads Infrastructure		-	-	-
Storm water Infrastructure		-	-	-
Electrical Infrastructure		4,055	-	-
Water Supply Infrastructure		-	-	-
Sanitation Infrastructure		-	-	-
Solid Waste Infrastructure		-	800	-
Rail Infrastructure		-	-	-
Coastal Infrastructure		-	-	-
Information and Communication Infrastructure		-	-	-
Infrastructure		4,055	800	-
Community Facilities		250	-	2,000
Sport and Recreation Facilities		-	-	-
Community Assets		250	-	2,000
Total Upgrading of Existing Assets	6	8,758	5,319	27,000
Roads Infrastructure		7,612	-	21,800
Storm water Infrastructure		845	-	2,400
Infrastructure		8,458	-	24,000
Community Facilities		300	-	-
Sport and Recreation Facilities		-	5,319	3,000
Community Assets		300	5,319	3,000
Total Capital Expenditure	4			
Roads Infrastructure		16,575	-	22,500
Storm water Infrastructure		1,842	-	2,400
Electrical Infrastructure		9,664	100	-
Water Supply Infrastructure		-	-	-
Sanitation Infrastructure		-	-	-
Solid Waste Infrastructure		1,000	800	-
Rail Infrastructure		-	-	-
Coastal Infrastructure		-	-	-
Information and Communication Infrastructure		-	-	-
Infrastructure		29,080	900	24,700
Community Facilities		2,609	17,971	5,000
Sport and Recreation Facilities		300	13,298	3,000
Community Assets		2,909	31,269	8,000
Heritage Assets		-	-	-
Revenue Generating		-	-	-
Non-revenue Generating		-	-	-
Investment properties		-	-	-
Operational Buildings		4,000	5,000	6,000
Housing		-	-	-
Other Assets		4,000	5,000	6,000
Biological or Cultivated Assets		-	800	-
Services		-	-	-
Licences and Rights		-	-	-
Intangible Assets		-	-	-
Computer Equipment		700	200	150
Furniture and Office Equipment		350	950	150
Machinery and Equipment		720	2,200	1,500
Transport Assets		1,030	1,000	1,000
Libraries		-	-	-
Zoo's, Marine and Non-biological Animals		1,569	1,200	2,800
TOTAL CAPITAL EXPENDITURE - Asset class		40,358	43,519	44,300

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Roads Infrastructure		191,173	178,636	187,898
Storm water Infrastructure		9,790	9,219	11,026
Electrical Infrastructure		25,752	24,667	23,496
Water Supply Infrastructure		-	-	-
Sanitation Infrastructure		-	-	-
Solid Waste Infrastructure		4,207	5,007	5,007
Rail Infrastructure		-	-	-
Coastal Infrastructure		-	-	-
Information and Communication Infrastructure		-	-	-
Infrastructure		230,922	217,559	227,426
Community Facilities		42,669	56,901	57,981
Sport and Recreation Facilities		53,247	63,633	63,605
Community Assets		95,946	120,534	121,586
Heritage Assets		183	183	183
Revenue Generating		3,972	3,687	3,391
Non-revenue Generating		-	-	-
Investment properties		3,972	3,687	3,391
Operational Buildings		78,479	80,763	83,937
Housing		-	-	-
Other Assets		78,479	80,763	83,937
Biological or Cultivated Assets		-	800	800
Servitudes		-	-	-
Licences and Rights		191	177	163
Intangible Assets		191	177	163
Computer Equipment		2,193	2,286	2,324
Furniture and Office Equipment		8,249	8,826	8,588
Machinery and Equipment		1,167	3,335	4,602
Transport Assets		18,010	17,791	17,523
Libraries		391	363	334
Zoo's, Marine and Non-biological Animals		1,569	2,769	5,569
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	441,271	459,072	476,625
EXPENDITURE OTHER ITEMS				
<u>Depreciation</u>	7	24,729	25,718	26,747
<u>Repairs and Maintenance by Asset Class</u>	3	7,176	7,248	7,320
Roads Infrastructure		2,000	2,020	2,040
Storm water Infrastructure		160	162	163
Electrical Infrastructure		690	699	698
Water Supply Infrastructure		-	-	-
Sanitation Infrastructure		-	-	-
Solid Waste Infrastructure		-	-	-
Rail Infrastructure		-	-	-
Coastal Infrastructure		-	-	-
Information and Communication Infrastructure		-	-	-
Infrastructure		3,050	3,081	3,111
Community Facilities		834	842	851
Sport and Recreation Facilities		120	121	122
Community Assets		954	964	973

Heritage Assets	-	-	-
Revenue Generating	-	-	-
Non-revenue Generating	-	-	-
Investment properties	-	-	-
Operational Buildings	400	404	408
Housing	-	-	-
Other Assets	400	404	408
Biological or Cultivated Assets	-	-	-
Services	-	-	-
Licences and Rights	250	253	255
Intangible Assets	250	253	255
Computer Equipment	-	-	-
Furniture and Office Equipment	-	-	-
Machinery and Equipment	640	646	653
Transport Assets	1,402	1,416	1,430
Libraries	-	-	-
Zoo's, Marine and Non-biological Animals	400	405	490
TOTAL EXPENDITURE OTHER ITEMS	31,905	32,966	34,067
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	<i>32.4%</i>	<i>14.1%</i>	<i>65.5%</i>
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	<i>52.8%</i>	<i>23.8%</i>	<i>108.4%</i>
<i>R&M as a % of PPE</i>	<i>1.6%</i>	<i>1.6%</i>	<i>1.5%</i>
<i>Renewal and upgrading and R&M as a % of PPE</i>	<i>5.0%</i>	<i>3.0%</i>	<i>8.0%</i>

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 percent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 percent of PPE. The Municipality does not meet both these recommendations.
3. An analysis between depreciation and operational repairs and maintenance over the MTREF is not yet possible until the municipality changes its financial systems to include all maintenance costs, also those incurred internally, to the maintenance votes. When implemented it will highlight the Municipality's maintenance backlog.

MBRR Table A10–Basic Service Delivery Measurement

EC136 Emalahleni (Ec) - Table A10 Basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1									
Energy										
Electricity (at least min service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min service level)		3 253	3 253	-	3 379	3 253	3 253	3 253	3 253	3 253
Minimum Service Level and Above subtotal		3 253	3 253	-	3 379	3 253	3 253	3 253	3 253	3 253
Electricity (below min service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (below min service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
Below Minimum Service Level subtotal		-	-	-	-	-	-	-	-	-
Total number of households	5	3 253	3 253	-	3 379	3 253	3 253	3 253	3 253	3 253
Refuse										
Removed at least once a week		2 650	2 650	-	2 657	2 650	2 650	2 650	2 650	2 650
Minimum Service Level and Above subtotal		2 650	2 650	-	2 657	2 650	2 650	2 650	2 650	2 650
Removed less frequently than once a week		153	153	-	155	153	153	153	153	153
Using communal refuse dump		539	539	-	539	539	539	539	539	539
Using own refuse dump		20 131	20 131	-	20 165	20 131	20 131	20 131	20 131	20 131
Other rubbish disposal		6 875	6 875	-	1 303	6 875	6 875	6 875	6 875	6 875
No rubbish disposal		1 239	1 239	-	6 003	1 239	1 239	1 239	1 239	1 239
Below Minimum Service Level subtotal		29 052	29 052	-	28 054	29 052	29 052	29 052	29 052	29 052
Total number of households	5	31 692	31 692	-	31 691	31 692	31 692	31 692	31 692	31 692
Households receiving Free Basic Service	1									
Water (6 kilolites per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	3 745	3 600	4 000	4 200
Refuse (removed at least once a week)		-	-	-	-	-	3 048	2 500	2 400	2 500
Cost of Free Basic Services provided - Formal Settlements (R'000)	3									
Water (6 kilolites per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	2 100	2 224	2 383
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	1 600	1 515	2 004
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	1 832	1 600	1 615	2 024
Total cost of FBS provided		-	-	-	-	-	1 832	5 790	6 065	6 410
Revenue - cost of subsidised services provided (R'000)	4									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates - exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	-	-	-	1 000	1 064	1 125
Water (in excess of 6 kilolites per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	4	-	-	-	-	-	-	1 000	1 064	1 125

Part 2 – Supporting Documentation

1.8 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Portfolio Head Councillor of Financial Services/Mayor.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

1.8.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2016) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule by 31 August 2016.

2017/2018 IDP AND BUDGET SCHEDULE OF KEY DEADLINES

Month	Action to be taken Administratively – Municipality Administration
July	Accounting officers and senior officials of Emalahleni Local Municipality begin planning for next three-year budget MFMA s 68, 77 Accounting officers and senior officials of the municipality review options and contracts for service delivery MSA s 76-81
August	Accounting Officer to assist Mayor to prepare the schedule of key deadlines and align the IDP and Budget process
August / September / October	Budget office of Emalahleni Local Municipality determine revenue projections and proposed rate and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives. Engages with Provincial and National sector departments on sector specific programmes for alignment with municipalities plans (schools, libraries, clinics, water, electricity, roads, etc)
September / October	Accounting officer does initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials MFMA s 35, 36, 42; MTBPS
October / November	Accounting officer reviews and drafts initial changes to IDP MSA s 34
November / December	Accounting officer submits draft budget and plans for next financial year to the Mayor for tabling Accounting officer publishes tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to NT, PT and others

	Accounting officer to notify relevant municipalities of projected allocations for next three budget years
January	<p>Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling.</p> <p style="text-align: center;">MFMA s 36</p> <p>The Accounting Officer must by 25 January assess the performance of the municipality for the first six months of the 2016/2017 financial year and submits a report on such assessment to the Mayor, National Treasury and Provincial Treasury.</p> <p style="text-align: center;">MFMA s 72</p>
February	<p>The Accounting Officer finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous year's audited financial statements and annual report.</p> <p>The Accounting Officer of Emalahleni Local Municipality must liaise with the Accounting Officer of Chris Hani District Municipality 120 days prior to the start of the budget year to obtain projected allocations for 2017/2018, 2018/2019 & 2019/2020.</p> <p style="text-align: center;">MFMA s 37(2)</p>
March	<p>The Accounting Officer must publish the tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to National Treasury, Provincial Treasury and others as prescribed.</p> <p style="text-align: center;">MFMA s 22 & 37; MSA Ch 4 as amended</p> <p>The Accounting Officer must review any changes in prices for bulk electricity & water purchases as communicated by NERSA & DWA as well as submit proposal of increasing prices of sale of electricity & water to the executive authority & the regulator for approval if national legislation requires such approval.</p> <p style="text-align: center;">MFMA s 42</p>

April	Accounting officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year
May	Accounting officer assists the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into account consultative processes and any other new information of a material nature
June	Accounting officer submits to the mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements required by s 57(1)(b) of the MSA. MFMA s 69; MSA s 57 Accounting Officer must publish the adopted budget and all budget-related documents. MFMA s 75, 87
<p>Abbreviations: IDP - Integrated Development Plan; MFMA - Local Government: Municipal Finance Management Act, No. 56 of 2003; MSA - Local Government: Municipal Systems Act, No. 32 of 2000, as amended; MTBPS - National Treasury annual publication, Medium Term Budget and Policy Statement; NT - National Treasury; PT - Provincial Treasuries; SDBIP - Service Delivery and Budget Implementation Plan</p> <p>Shaded Area: Consultation on the budget and municipal elections.</p>	

There were some deviations from the key dates set out in the Budget Time Schedule tabled in Council. However, the schedule attached is the revised one as from time to time adjusted by council and its programmes.

1.8.2 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2019/20MTREF, based on the approved 2016/17MTREF, Mid-year Review and adjustments

budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2017/18 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2016/17 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

1.8.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2017/18 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2017/18 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2016/17 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 85 and 86 has been taken into consideration in the planning and prioritisation process.

1.9 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2012/13 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives

2016/17 Financial Year	2017/18 MTREF
1. To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery)	1. To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery)
2. To ensure that conditions are created which stimulate the growth of the local economy (KPA LED)	2. To ensure that conditions are created which stimulate the growth of the local economy (KPA LED)
3. To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.)	3. To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.)
4. To have a transparent and performance driven organisation (KPA Good governance and public participation)	4. To have a transparent and performance driven organisation (KPA Good governance and public participation)

5. To implement good financial management (KA Financial management and viability)	5. To implement good financial management (KA Financial management and viability)
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In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. To have a transparent and performance driven organisation
2. To ensure that cost effective, appropriate and efficient services are delivered
3. To ensure that conditions are created which stimulate the growth of the local economy
4. To implement good financial management
5. To have an effective and efficient administration

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the new IDP.

The 2017/18 MTREF has therefore been directly informed by the IDP revision process and the following tables provide reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

EC136 Emalahleni (Ec) - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
				Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand						
Provision of Electricity	To facilitate access to energy sources: supply to all residents of Emalahleni Municipality			11,167	15,835	19,523
Human Settlements	To facilitate provision of human settlements by relevant sector department in compliance with standards of building controls of ELM			24	26	27
Agricultural Development	To promote and support agricultural development			550	53	55
Tourism Development	To implement the Local Economic Development Plan with particular emphasis on key aspects of tourism development in ELM			-	-	-
Budget Planning and Financial Reporting	To improve compliance and adherence to MFMA legislation			-	-	-
Building facilities (amenities and recreational facilities)	To ensure the availability of well-maintained and repaired buildings, amenities and recreational facilities to which the public has full access			1,015	1,102	1,197
Financial Management	To improve compliance and adherence to legislation			124,529	123,035	123,180
Supply Chain Management	To implement proper supply chain protocols in compliance with the MFMA legislation			-	-	-
Roads infrastructure	To ensure the provision of a comprehensive roads infrastructure network			35,070	35,171	40,073
Waste Management and Environment	Waste Management and Environment			6,509	6,575	7,275
Council Support	To ensure an effective system of municipal governance in line with applicable legislation			5,575	7,009	7,344
Human Resources Management	To provide appropriate Human Resources to support all Directorates in the municipality by June 2018			-	-	-
Human Resource Development	To develop the skills of the workforce and unemployed graduates in order to enhance their competencies			-	-	-
Public Participation	To improve community participation in the affairs of the municipality			-	-	-
Allocations to other priorities						
Total Revenue (excluding capital transfers and contributions)				126,939	193,157	193,647

MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

EC136 Emalahleni (Ec) - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2017/18 Medium Term Revenue & Expenditure Framework			
				Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
R thousand							
Provision of Electricity	To facilitate access to energy sources: supply to all residents of Emalahleni Municipality			21,514	28,897	29,323	
Human Settlements	To facilitate provision of human settlements by relevant sector department in compliance with standards of building controls of ELM			2,791	3,010	3,249	
Agricultural Development	To promote and support agricultural development			1,970	1,252	1,341	
Tourism Development	To implement the Local Economic Development Plan with particular emphasis on key aspects of tourism development in ELM			657	738	752	
Budget Planning and Financial Reporting	To improve compliance and adherence to MFMA legislation			5,515	6,113	6,536	
Building facilities (amenities and recreational facilities)	To ensure the availability of well-maintained and repaired buildings, amenities and recreational facilities to which the public has full access			15,334	15,900	16,778	
Financial Management	To improve compliance and adherence to legislation			60,491	62,795	65,166	
Supply Chain Management	To implement proper supply chain protocols in compliance with the MFMA legislation			2,018	2,200	2,393	
Roads Infrastructure	To ensure the provision of a comprehensive roads infrastructure network			21,345	22,725	24,308	
Waste Management and Environment	Waste Management and Environment			14,112	14,592	15,930	
Council Support	To ensure an effective system of municipal governance in line with applicable legislation			25,902	27,654	29,513	
Human Resources Management	To provide appropriate Human Resources to support all Directorates in the municipality by June 2018			3,820	4,039	4,372	
Human Resource Development	To develop the skills of the workforce and unemployed graduates in order to enhance their competencies			1,420	1,529	1,592	
Public Participation	To improve community participation in the affairs of the municipality			7,628	7,750	7,899	
Allocations to other priorities							
Total Expenditure				1	194,522	207,654	220,239

MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

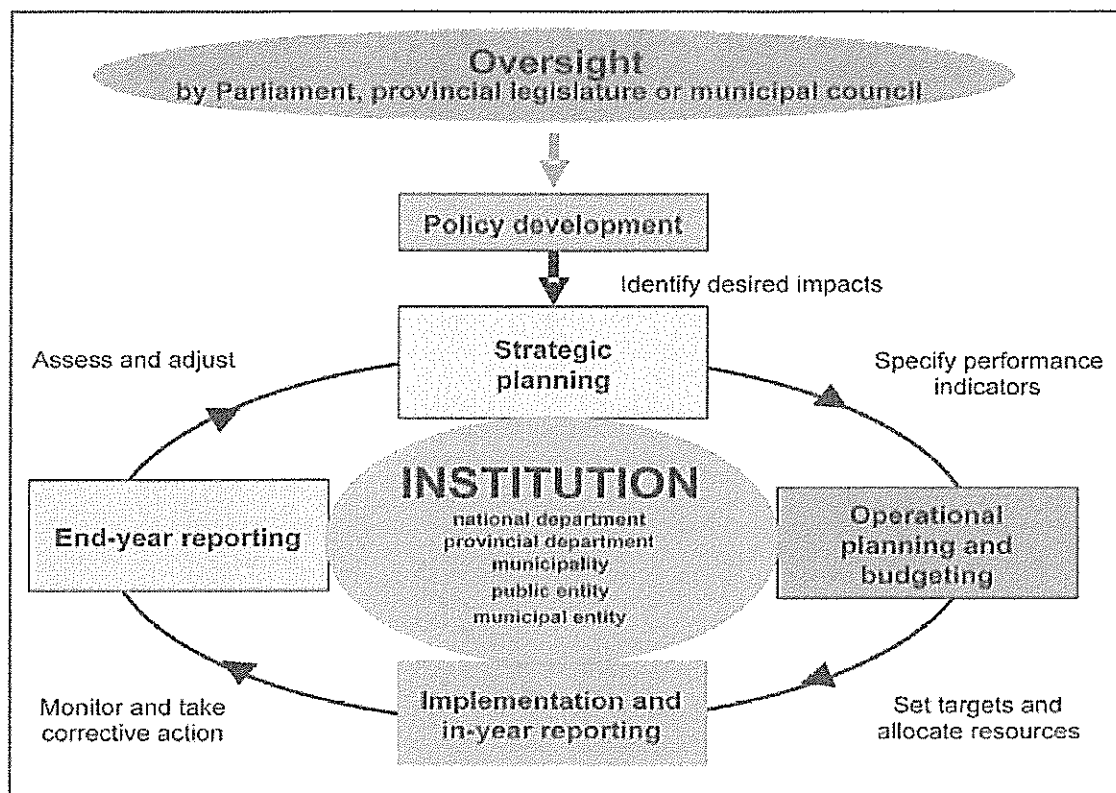
EC136 Emalahleni (Ec) - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2017/18 Medium Term Revenue & Expenditure Framework			
				Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
R thousand							
Provision of Electricity	To facilitate access to energy sources supply to all residents of Emalahleni Municipality			9,654	100	-	
Human Settlements	To facilitate provision of human settlements by relevant sector department in compliance with standards of building controls of ELM			-	-	-	
Agricultural Development	To promote and support agricultural development			-	-	-	
Tourism Development	To implement the Local Economic Development Plan with particular emphasis on key aspects of tourism development in ELM			-	-	-	
Budget Planning and Financial Reporting	To improve compliance and adherence to MFMA legislation			-	-	-	
Building/facilities/amenities and recreational facilities	To ensure the availability of well-maintained and repaired buildings, amenities and recreational facilities to which the public has full access			2,473	30,259	16,200	
Financial Management	To improve compliance and adherence to legislation			2,300	2,150	1,300	
Supply Chain Management	To implement proper supply chain protocols in compliance with the MFMA legislation			-	-	-	
Roads infrastructure	To ensure the provision of a comprehensive roads infrastructure network			10,516	2,200	35,200	
Waste Management and Environment	Waste Management and Environment			1,000	300	-	
Council Support	To ensure an effective system of municipal governance in line with applicable legislation			-	-	-	
Human Resources Management	To provide appropriate Human Resources to support all Directorates in the municipality by June 2016			-	-	-	
Human Resource Development	To develop the skills of the workforce and unemployed graduates in order to enhance their competencies			-	-	-	
Public Participation	To improve community participation in the affairs of the municipality			-	-	-	
Allocations to other priorities				3			
Total Capital Expenditure				1	40,359	43,519	44,300

1.10 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

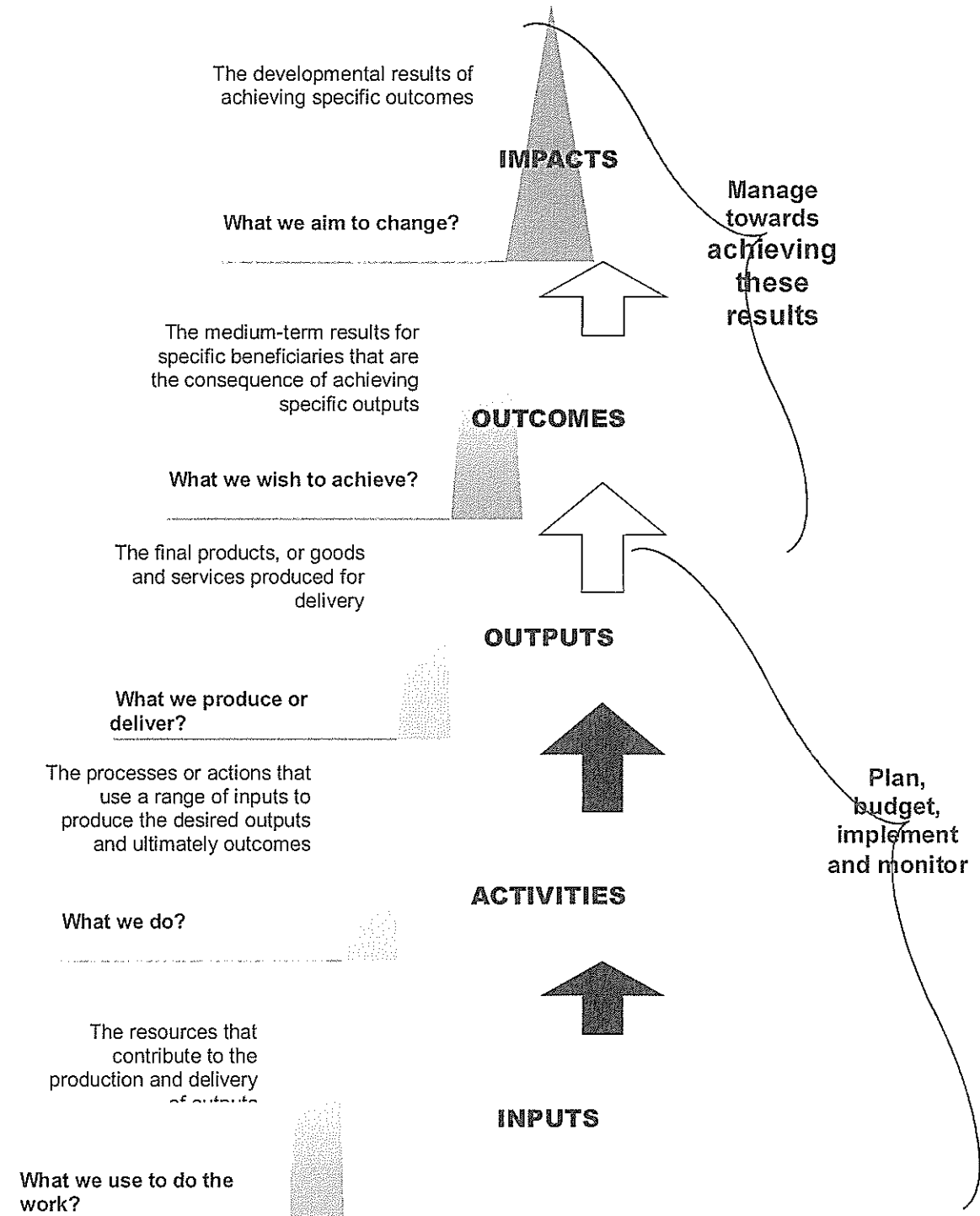
At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

MBRR Table SA7 - Measurable performance objectives

The following table sets out the municipalities main performance objectives and benchmarks for the 2017/18 MTREF.

MBRR Table SA8 - Performance indicators and benchmarks**EC136 Emalahleni (Ec) - Supporting Table SA8 Performance indicators and benchmarks**

		2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
Description of financial indicator	Basis of calculation	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Finance Paid/Operating Expenditure	0.6%	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%	0.3%	0.3%	0.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing/Own Revenue	4.1%	4.4%	3.3%	4.2%	3.7%	3.7%	0.0%	2.1%	2.0%	1.6%
Efficient funding of own capital expenditure	Efficient Capital expenditure and transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Safety of Capital											
Gearing	Long Term Borrowing/Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/Current liabilities	1.5	1.4	1.1	0.8	0.7	0.7	-	0.6	0.5	0.5
Current Ratio adjusted for prepaids	Current assets less debtors > 90 days/Current liabilities	1.5	1.4	1.1	0.8	0.7	0.7	-	0.6	0.5	0.5
Liquidity Ratio	Monetary Assets/Current Liabilities	1.1	0.9	0.7	-	0.4	0.4	-	0.0	-	-
Revenue Management											
Annual Debtors Collection Rate (Payment Less 12 Mths)	Less 12 Mths Receipts/ Less 12 Mths Being		102.2%	107.4%	105.7%	94.3%	48.0%	48.0%	1.0%	50.0%	50.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		102.3%	107.4%	107.7%	94.3%	48.0%	48.0%	0.0%	50.0%	50.0%	50.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	15.4%	17.7%	0.6%	23.8%	5.4%	5.1%	0.0%	11.6%	14.3%	17.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Customer Management											
Customer System Efficiency	% of Customers Paid Within Terms (within MPMA & 60%)										
Debtors to Cash and Investments		29.6%	55.6%	77.2%	103.0%	107.0%	107.0%	0.0%	147.7%	102.2%	54.6%
Other Indicators											
Electricity Distribution Losses (Q1)	Total Volume Losses (kV)										
	Total Cost of Losses (Rand 000)										
Water Distribution Losses (Q1)	% Volume (Units purchased and generated less units at 0.00/units purchased and generated)										
	Total Volume Losses (kV)										
Water Distribution Losses (Q2)	Total Cost of Losses (Rand 000)										
	% Volume (Units purchased and generated less units at 0.00/units purchased and generated)										
Employee costs	Employee costs (Total Revenue - capital revenue)	20.6%	20.4%	20.6%	20.6%	20.3%	20.3%	0.0%	51.1%	50.0%	55.5%
Remuneration	Total remuneration (Total Revenue - capital revenue)	40.6%	37.3%	41.4%	47.4%	40.0%	40.0%		52.8%	51.0%	55.5%
Repairs & Maintenance	PM&M (Total Revenue excluding capital revenue)	2.6%	2.6%	4.0%	4.6%	3.0%	3.0%		4.0%	4.6%	4.0%
Finance charges & Depreciation	FO&D (Total Revenue - capital revenue)	16.4%	23.6%	13.5%	16.5%	16.0%	16.0%	0.0%	13.4%	16.4%	16.6%
IGP regulation financial viability and ratios											
1 Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due (within financial year)	2.1	2.1	7.0	5.4	5.4	5.4	-	5.6	5.6	5.0
2 O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	129.5%	159.8%	104.0%	156.5%	51.6%	51.5%	0.0%	62.4%	112.1%	150.7%
3 Debt coverage	(Available cash + investments)/monthly fixed operational expenditure	7.1	3.4	2.7	(0.3)	1.6	1.6	-	0.1	(1.7)	(4.1)

1.10.1 Performance indicators and benchmarks

1.10.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Emalahleni Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2017/18 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio is by far below the borrowing capacity of the municipality, but it needs to be noted that capital grants and transfers has contributed significantly to the municipality's capital expenditure programs, thus limiting the need for borrowing.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is steady 0.3 percent throughout the MTREF period. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality should limit external interest charges to the minimum..
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

The Municipality has bought vehicles on hire purchase and will pay instalments monthly for a five-year period.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2017/18 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

1.10.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. This ratio is well below the norm, indicating a strong financial position.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

1.10.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of more than 2 which is a general benchmark, hence at no point in time should this ratio be less than 2. For the 2017/18 MTREF the current

ratio is 0.4, and 0.3 and 0.3 respectively for the two outer years of the MTREF. Going forward it will be good financial practices if these levels can be improved.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2016/17 financial year the ratio was 0.7 and as part of the financial planning strategy it has been decreased to 0.4 in the 2017/18 and has decreased to 0.3 in 2019/20 financial year.

1.10.1.4 Revenue Management

- As part of the financial sustainability, an aggressive revenue management framework should be implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears more than 90 days. The intention of the framework should be to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. The collection rates in this indicator is based on all cash receipts, also for direct income. The collection rate used for the calculation of debtors' payments was 50 percent and should increase if the municipality wants to be financial as a going concern conservative approach in order to cater for the current negative economic climate.

1.10.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 percent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

1.10.1.6 Other Indicators

- The municipality needs to know what causes high electricity losses. The municipality has then to developed mechanism to determine what is an acceptable distribution loss and what should be contributed to theft.
- Employee costs as a percentage of operating revenue is constant over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also fairly constant owing directly to cost drivers such as bulk purchases increasing far above inflation. The expenditure on repairs and maintenance is well below acceptable levels, but the actual cost will only be determined when a costing system is implemented.

1.10.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the MTREF 3900 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, free sanitation and free waste removal equivalent once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained elsewhere in this report.

1.11 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

There was a policy review workshop during the month of March 2017 so as to make sure all users of it understand it. The following is a broad framework of all the policies the council have:

1.11.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council annually is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate.. In addition emphasis was placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, they are entitled to free basic services.

The 2017/18 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 50 percent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels.

1.11.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to

asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

1.11.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

1.11.4 Supply Chain Management Policy

The Supply Chain Management Policy was reviewed and adopted by Council in May 2016. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

1.11.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations.

1.11.6 Cash Management and Investment Policy

The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

1.11.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on at main municipal building, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

1.12 Overview of budget assumptions

1.12.1 External factors

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank fast and millions of people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven and that growth for 2018 will be minimal with a slightly better growth in the outer years.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

1.12.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2017/18 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration.

1.12.3 Credit rating outlook

The Municipality did not perform a credit rating outlook.

1.12.4 Interest rates for borrowing and investment of funds

The municipality has made provision for borrowings during the MTREF period. It is expected that interest rates will be adjusted slightly upwards during the MTREF period and it was budgeted for as such.

1.12.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (50 percent) of annual billings. Cash flow is assumed to be 50 percent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

1.12.6 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

1.12.7 Salary increases

There is a collective agreement on salary increases in place for the budget year, and the guidance on increases as contained in Circular 85 and 86 of National Treasury was also used during the compilation of budget accordingly.

1.12.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

1.12.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 percent is achieved on operating expenditure and 100 percent on the capital programme for the 2017/18 MTREF of which performance has been factored into the cash flow budget.

1.13 Overview of budget funding

1.13.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

EC136 Emalahleni (Ec) - Table A1 Budget Summary

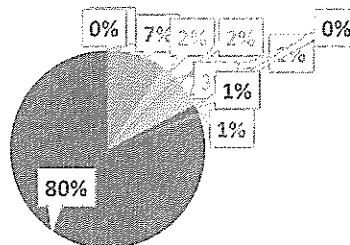
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	+1 2018/19	+2 2019/20
Financial Performance									
Property rates	3,215	3,715	3,744	4,391	4,429	4,429	4,302	4,551	4,516
Service charges	10,740	11,180	12,038	13,742	16,341	16,241	14,085	15,087	15,387
Investment revenue	3,005	3,350	3,845	2,537	2,307	2,307	2,530	2,337	2,343
Transfers recognised - operational	93,441	112,331	145,190	129,829	131,654	131,654	123,833	123,516	123,375
Other own revenue	7,110	8,760	8,663	6,393	7,125	7,125	9,549	10,249	10,370
Total Revenue (excluding capital transfers and contributions)	122,525	139,636	173,376	155,542	161,757	161,757	154,502	161,033	162,771

The following graph is a breakdown of the operational revenue per main category for the 2017/18 financial year.

Breakdown of operating revenue over the 2017/18 MTREF

OPERATING REVENUE ITEMS BY TYPE

- Property rates
- Service charges - electricity revenue
- Service charges - refuse revenue
- Rental of facilities and equipment
- Interest earned - external investments
- Interest earned - outstanding debtors
- Fines, penalties and forfeits
- Licences and permits
- Agency services
- Transfers and subsidies
- Other revenue



Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

Investment revenue contributes significantly to the revenue base of the Municipality. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

1.13.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

MBRR Table A7 - Budget cash flow statement

EC136 Emalahleni (Ec) - Table A7 Budgeted Cash Flows

Description	Ref	2013/14			2014/15			2015/16			Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20			
CASH FLOW FROM OPERATING ACTIVITIES																
Receipts																
Property rates		3 210	3 716	12 540			2 812	2 310	2 310	2 151	2 275	2 402				
Service charges		11 063	(4 327)	10 520			7 817	7 817	7 817	7 133	7 544	7 993				
Other revenue							2 759	4 727	4 727	4 025	4 276	4 559				
Government - operating	1	59 441	410 801	148 150			129 825	102 454	102 454	123 603	123 516	120 275				
Government - capital	1	22 735	28 981	30 815			32 870	33 470	33 470	32 358	34 059	35 075				
Interest		6 500	7 250	9 479			9 784	4 707	4 707	5 148	5 446	5 735				
Dividends							-	-	-	-	-	-				
Payments																
Salaries and employees		(156 429)	(129 323)	(152 562)			(150 375)	(102 155)	(102 155)	(132 301)	(155 904)	(160 604)				
Finance charges		(157)	(56)	(120)			(850)	(850)	(850)	(657)	(654)	(610)				
Transfers and Grants	1						15 972	(19 255)	(19 255)	14 251	(144)	(152)				
NET CASH FROM/(USED) OPERATING ACTIVITIES		35 356	16 753	44 969			15 985	26 730	26 730	15 177	11 419	3 221				
CASH FLOWS FROM INVESTING ACTIVITIES																
Receipts																
Proceeds on disposal of PPE				360			-	-	-	-	-	-				
Decreases (Increase) in non-current debtors							-	-	-	-	-	-				
Decreases (Increase) other non-current receivables							-	-	-	-	-	-				
Decreases (Increase) in non-current investments							-	-	-	-	-	-				
Payments																
Capital assets		(37 101)	(36 553)	(45 514)			(41 470)	(36 332)	(36 332)	(40 352)	(43 519)	(44 300)				
NET CASH FROM/(USED) INVESTING ACTIVITIES		(37 101)	(36 956)	(45 154)			(41 470)	(36 632)	(36 632)	(40 356)	(43 519)	(44 300)				
CASH FLOWS FROM FINANCING ACTIVITIES																
Receipts																
Short-term loans							-	-	-	-	-	-				
Borrowing long-term/financing increase (decrease) in consumer deposits							-	-	-	-	-	-				
Payments																
Repayments of borrowing		(305)	(414)	(356)			(263)	(263)	(263)	-	-	-				
NET CASH FROM/(USED) FINANCING ACTIVITIES		(416)	(414)	(356)			(263)	(263)	(263)	-	-	-				
NET INCREASE/ (DECREASE) IN CASH HELD																
Cash/cash equivalents at the year begin	2	53 115	50 593	31 776			16 578	28 419	28 419	18 253	1 973	(21 577)				
Cash/cash equivalents at the year end	2	50 993	31 775	28 295			(9 249)	18 254	18 254	1 073	(21 577)	(54 232)				

1.13.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

EC136 Emalahleni (Ec) - Table A8 Cash backed reserves/accumulated surplus reconciliation

EC/350 Enlargement (EC) - Table A0 Cash backed reserves accumulated surplus reconciliation												
Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available												
	Deposits/equivalents at the year end	1	50,993	31,776	28,265	(9,249)	18,253	18,254	-	1,073	(21,577)	(54,232)
	Other current investments > 60 days		0	0	0	-	(0)	-	-	(0)	(0)	(0)
	Non-current assets - investments	1	-	-	-	-	-	-	-	-	-	-
	Cash and investments available:		50,993	31,776	28,265	(9,249)	18,253	18,254	-	1,072	(21,577)	(54,233)
Application of cash and investments												
	Unspent conditional transfers	1	1,501	349	1,157	-	-	-	-	-	-	-
	Unspent borrowing		-	-	-	-	-	-	-	-	-	-
	Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
	Other working capital requirements	3	10,646	10,403	5,729	(1,937)	18,003	18,000	-	8,534	5,005	1,342
	Other provisions		-	-	-	-	-	-	-	-	-	-
	Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
	Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
	Total Application of cash and investments:		12,446	10,752	6,886	(1,937)	18,003	18,000	-	8,534	5,005	1,342
	Surplus(shortfall)		38,545	21,024	21,409	(7,312)	165	165	-	(7,522)	(26,663)	(55,575)

From the above table it can be seen that the cash and investments available total R1 073 million in the 2017/18 financial year and progressively decrease to -R 54 232 million by 2019/20, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing

of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.

- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the Capital Replacement Reserve, Employee Benefits Reserves and the Rehabilitation of landfill sites and quarries.

1.13.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

MBRR SA10 – Funding compliance measurement

EC136 Emalahleni (Ec) Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funding measures												
Cash/cash equivalents at the year end - R'000	10(1)(b)	1	59 893	31 776	28 599	(9 049)	9 289	10 254	-	1 073	(21 577)	(54 032)
Cash + investments at the year end less applications - R'000	10(1)(b)	2	38 345	16 208	21 409	(7 310)	9 669	165	-	(7 320)	(26 663)	(65 675)
Cash year end monthly employee's supplier payments	10(1)(b)	3	5.1	3.4	2.7	-	-	1.6	-	0.1	(1.7)	(4.1)
Surplus (Deficit) excluding depreciation effects - R'000	10(1)	4	(6 328)	(11 167)	3 282	13	11	(5 718)	-	(7 072)	(12 537)	(21 600)
Service charges rev % change - major OPRK target exclusive	10(1)(a)(2)	5	29.0%	45.4%	10.4%	0.0%	0.0%	(8.0%)	100.0%	0.0%	(0.2%)	0.0%
Cash receipts % of Ratepayer & Other revenue	10(1)(a)(2)	6	22.5%	1.7%	96.4%	51.6%	52.6%	52.7%	0.0%	47.2%	47.0%	47.2%
Debt impairment expense as a % of total billable revenue	10(1)(a)(2)	7	78.2%	91.1%	94.0%	13.2%	11.9%	38.4%	0.0%	40.4%	40.4%	40.3%
Capital payments % of capital expenditure	10(1)(a)(3)	8	100.0%	95.0%	99.2%	100.0%	0.0%	99.4%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (total transfers)	10(1)(a)	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Grants % of Govt. legislated/gazetted allocations	10(1)(a)	10				0.0%	0.0%			100.0%	100.0%	100.0%
Current consumption % change - non/decn	10(1)(a)	11	45.7%	27.0%	(32.0%)			0.0%	(10.0%)	0.0%	28.5%	23.6%
Long term receivables % change - non/decn	10(1)(a)	12	0.0%	0.0%	0.0%			0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(iv)	13	2.1%	1.2%	1.7%	1.6%	1.3%	1.5%	0.0%	1.6%	1.6%	1.5%
Asset renewal % of capital budget	20(1)(iv)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.7%	1.5%	4.5%

1.13.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

1.13.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in the previous page. the reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

1.13.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

1.13.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2017/18 MTREF and outer years the municipality has deficits.

It needs to be noted that a surplus or deficit does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

1.13.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 percent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth is higher than forecasted CPIX for the respective financial year of the 2017/18 MTREF which is mainly due to higher electricity tariff increase. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

1.13.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 99.1 percent for 2017/18 and 90.8 percent for the outer financial years. Given that the assumed collection rate was based on a 20 percent performance target, the cash flow statement has been conservatively determined. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and

adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

1.13.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 40 percent over the MTREF.

1.13.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 percent payments has been factored into the cash position forecasted over the entire financial year.

1.13.4.9 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 percent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers and therefore no percentage is being shown as outstanding.

1.13.4.10 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

1.13.4.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

1.13.4.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

1.14 Expenditure on grants and reconciliations of unspent funds

MBRR SA19 - Expenditure on transfers and grant programmes

EC136 Emalahleni (Ec) - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
EXPENDITURE:										
Operating expenditure of Transfers and Grants										
National Government:		93,165	107,321	93,165	127,514	127,514	127,514	121,340	126,469	126,169
Local Government Bursable Share		78,749	82,039	78,749	114,559	114,559	114,559	115,552	115,785	115,513
Local Government Financial Management Grant		800	1,549	800	1,500	1,500	1,500	2,045	2,000	2,000
National Government - Municipal Infrastructure Grant		1,650	1,600	1,650	2,010	2,010	2,010	1,700	1,795	1,695
Expanded Public Works Programme Integrated Grant for Municipalities		800	934	800				1,300	1,305	1,300
Integrated National Electrification Programme		10,959	11,000	10,959	9,347	9,347	9,347	-	5,000	7,000
Provincial Government:		831	2,570	2,591	900	933	903	990	1,047	1,105
Education, Training and Development Practices SETA		831	1,131	727	900	903	903	90	95	101
Libraries, Archives and Museums - Library Service		-	1,243					900	952	1,004
District Municipality:		3,445	1,773	1,165	2,623	2,623	2,623	1,520	1,801	1,690
CHDM Cleaning program			-	41						
CHDM Revenue Enhancement			-	58						
CHDM Paving and beautification			802	505						
CHDM Heritage Grant			108	100						
Greenest Municipality Grant			1,455		2,623	2,623	2,623			
IT Support Grant			-							
CHDM Other			-							
Other grant providers:			-		200	200	200			
Food program		3,445		412						
Orino Hart - Paving Docks Project								1,000	1,000	1,000
Feedlot								500	-	-
Orino Hart - Paving Docks Project								1,000	1,000	1,000
Feedlot								500	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants		95,441	112,851	95,441	132,651	132,654	132,654	123,835	128,516	128,275
Capital expenditure of Transfers and Grants										
National Government:		22,739	23,951	26,451	30,170	23,170	23,170	32,355	34,069	35,076
National Government - Municipal Infrastructure Grant		22,739	23,951	26,451	30,170	23,170	23,170	32,355	34,069	35,076
Provincial Government:		-	-	-	2,500	3,000	3,000	-	-	-
					2,500	3,000	3,000	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		22,739	23,951	26,451	32,670	26,170	26,170	32,355	34,069	35,076
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		121,181	141,802	120,199	162,499	158,824	158,824	156,190	162,585	164,151

MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

EC136 Emalahleni (Ec) - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Operating transfers and grants:			1,3								
National Government:											
Balance unspent at beginning of the year				43	43	4 057					
Current year receipts				94 165	108 539	93 169	129 086	129 086	129 086	121 348	126 469
Conditions met - transferred to revenue				94 165	108 539	98 462	129 086	129 086	129 086	121 348	126 469
Conditions still to be met - transferred to liabilities				43	43	764					
Provincial Government:											
Balance unspent at beginning of the year				729	306	1 059					
Current year receipts				831	2 570	14	900	903	903	993	1 004
Conditions met - transferred to revenue				831	2 570	555	900	903	903	993	1 004
Conditions still to be met - transferred to liabilities				729	306	729					
District Municipality:											
Balance unspent at beginning of the year						390					
Current year receipts				3 446	1 773	800		2 823	2 823	1 500	1 000
Conditions met - transferred to revenue				3 446	1 773	1 185	-	2 823	2 823	1 500	1 000
Conditions still to be met - transferred to liabilities						275					
Other grant providers:											
Balance unspent at beginning of the year						(665)					
Current year receipts						14					
Conditions met - transferred to revenue				-	-	(649)	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
Total operating transfers and grants revenue				98 441	112 831	97 554	130 786	133 611	133 611	123 841	128 457
Total operating transfers and grants - CTBM			2	771	349	1 767	-	-	-	-	-
Capital transfers and grants:			1,3								
National Government:											
Balance unspent at beginning of the year				721							
Current year receipts				28 190	30 399	26 401	30 170	30 170	30 170	32 358	34 069
Conditions met - transferred to revenue				28 190	30 399	26 401	30 170	30 170	30 170	32 358	34 069
Conditions still to be met - transferred to liabilities				721							
Provincial Government:											
Balance unspent at beginning of the year											
Current year receipts							2 500	3 000	3 000		
Conditions met - transferred to revenue				-	-	-	2 500	3 000	3 000	-	-
Conditions still to be met - transferred to liabilities											
District Municipality:											
Balance unspent at beginning of the year											
Current year receipts											
Conditions met - transferred to revenue				-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
Other grant providers:											
Balance unspent at beginning of the year											
Current year receipts											
Conditions met - transferred to revenue				-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
Total capital transfers and grants revenue				28 190	30 399	26 401	32 670	33 170	33 170	32 358	34 069
Total capital transfers and grants - CTBM			2	721	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE				126 640	143 229	123 955	163 456	166 782	166 782	156 199	162 526
TOTAL TRANSFERS AND GRANTS - CTBM				1 492	349	1 767	-	-	-	-	-

1.15 Councillor and employee benefits

MBRR SA22 - Summary of councillor and staff benefits

EC136 Emalahleni (Ec) - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year	Budget Year	Budget Year
		2017/18	+1 2018/19	+2 2019/20
R thousand		G	H	I
Councillors (Political Office Bearers plus Other)	1			
Basic Salaries and Wages		11,218	12,060	12,964
Pension and UIF Contributions		-	-	-
Medical Aid Contributions		-	-	-
Motor Vehicle Allowance		-	-	-
Cellphone Allowance		853	917	985
Housing Allowances		-	-	-
Other benefits and allowances		-	-	-
Sub Total - Councillors		12,071	12,976	13,950
% increase	4	-	7.5%	7.5%
Senior Managers of the Municipality	2			
Basic Salaries and Wages		8,384	9,149	9,973
Pension and UIF Contributions		11	12	13
Medical Aid Contributions		-	-	-
Overtime		820	905	986
Performance Bonus		1,138	1,241	1,352
Motor Vehicle Allowance	3	889	947	1,032
Cellphone Allowance	3	-	-	-
Housing Allowances	3	-	-	-
Other benefits and allowances	3	218	197	215
Payments in lieu of leave		-	-	-
Long service awards		280	-	-
Postretirement benefit obligations	6	987	640	697
Sub Total - Senior Managers of Municipality		12,327	13,080	14,268
% increase	4	-	6.2%	9.0%
Other Municipal Staff				
Basic Salaries and Wages		52,441	56,806	61,560
Pension and UIF Contributions		7,880	8,597	9,358
Medical Aid Contributions		2,529	2,757	3,006
Overtime		450	491	535
Performance Bonus		-	-	-
Motor Vehicle Allowance	3	2,441	2,660	2,900
Cellphone Allowance	3	355	278	303
Housing Allowances	3	164	134	135
Other benefits and allowances	3	340	355	387
Payments in lieu of leave		150	164	173
Long service awards		-	-	-
Postretirement benefit obligations	6	-	-	-
Sub Total - Other Municipal Staff		65,999	72,221	78,360
% increase	4	-	8.4%	8.5%
Total Parent Municipality		90,997	98,287	106,573
		-	8.0%	8.4%
TOTAL SALARY, ALLOWANCES & BENEFITS		90,997	98,287	106,573
% increase	4	-	8.0%	8.4%
TOTAL MANAGERS AND STAFF	5,7	79,926	85,310	92,626

MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

EC136 Emalahleni (Ec) - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		661 881	-	25 000			676 871
Chief Whip			327 816	-	25 000			352 816
Executive Mayor			614 833	-	25 000			639 833
Deputy Executive Mayor			-	-	-			-
Executive Committee			2 732 324	-	125 400			2 857 724
Total for all other councillors			6 641 430	-	652 000			7 293 430
Total Councillors	8	-	11 218 373	-	852 720			12 071 093
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 539 293	69 588	101	165 910		1 814 901
Chief Finance Officer			1 747 540	69 588	100 101	190 466		2 145 695
Director: Corporate Services			1 355 257	69 588	119 704	172 555		1 755 555
Director: IDHS			1 519 289	69 588	226 621	180 288		2 035 886
Director: Community Service			1 664 289	69 588	101	180 289		2 054 257
Director: EDTA			1 374 289	69 588	40 101	180 289		1 704 289
Total Senior Managers of the Municipality	10, 10	-	9 503 695	597 588	1 086 931	1 138 255		12 326 669
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	20 722 268	597 588	1 939 651	1 138 255		24 397 761

MBRR SA24- Summary of personnel numbers

EC136 Emalahleni (Ec) - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
Number	1, 2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)	4	34	-	34	34	-	34	34	-	34
Board Members of Municipal Entities	5									
Municipal employees	6									
Municipal Manager and Senior Managers	7	6	-	6	6	-	6	6	-	6
Other Managers	11	10	1	1	11	10	1	11	10	1
Professionals	44	42	2	2	44	42	2	44	42	2
Finance	2	2	-	-	2	2	-	2	2	-
Spatial/town planning	1	1	-	-	1	1	-	1	1	-
Information Technology	1	1	-	-	1	1	-	1	1	-
Roads	1	1	-	-	1	1	-	1	1	-
Electricity	1	1	-	-	1	1	-	1	1	-
Water	-	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-
Refuse	1	1	-	-	1	1	-	1	1	-
Other	36	34	2	2	36	34	2	36	34	2
Technicians	15	15	-	-	15	15	-	15	15	-
Finance	7	7	-	-	7	7	-	7	7	-
Spatial/town planning	1	1	-	-	1	1	-	1	1	-
Information Technology	1	1	-	-	1	1	-	1	1	-
Roads	1	1	-	-	1	1	-	1	1	-
Electricity	1	1	-	-	1	1	-	1	1	-
Water	-	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-
Refuse	1	1	-	-	1	1	-	1	1	-
Other	3	3	-	-	3	3	-	3	3	-
Clerks (Clerical and administrative)	40	40	-	-	40	40	-	40	40	-
Service and sales workers	-	-	-	-	-	-	-	-	-	-
Skilled agricultural and fishery workers	1	1	-	-	1	1	-	1	1	-
Craft and related trades	-	-	-	-	-	-	-	-	-	-
Plant and Machine Operators	5	5	-	-	5	5	-	5	5	-
Elementary Occupations	65	65	-	-	65	65	-	65	65	-
TOTAL PERSONNEL NUMBERS	9	241	196	45	241	196	45	241	196	45
% increase						(1.0%)				
Total municipal employees headcount	9, 10	241	196	45	241	196	45	241	196	45
Finance personnel headcount	9, 10	24	24	-	24	24	-	24	24	-
Human Resources personnel headcount	9, 10	8	8	-	8	8	-	8	8	-

1.16 Monthly targets for revenue, expenditure and cash flow

MBRR SA25 - Budgeted monthly revenue and expenditure

EC136 Emalahleni (EC) - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source																
Property rates		215	350	1,281	215	215	215	215	215	215	215	215	215	4,302	4,351	4,316
Service charges - electricity revenue		1,420	1,023	916	807	700	700	546	754	561	559	1,077	1,104	12,765	11,390	12,052
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other		352	332	352	250	252	252	252	252	252	252	332	352	3,550	3,550	3,544
Rental of facilities and equipment		50	50	50	50	50	50	50	50	50	50	50	50	375	390	372
Interest earned - external investments		211	211	211	211	211	211	211	211	211	211	211	211	2,338	2,338	2,343
Interest earned - outstanding debtors		308	632	753	576	572	572	570	574	570	552	537	551	5,216	5,924	5,544
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		23	23	23	23	23	23	23	23	23	23	23	23	237	257	312
Licences and permits		142	142	142	142	142	142	142	142	142	142	142	142	1,700	1,800	1,935
Agency services		50	50	50	50	50	50	50	50	50	50	50	50	555	1,015	1,074
Transfers and subsidies		57,000	8	8	8	38,253	575	5	27,227	575	5	5	5	123,513	123,513	123,275
Other revenue		52	52	52	52	52	52	52	52	52	52	52	52	622	655	657
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		59,637	3,395	3,979	2,279	40,423	2,735	2,111	25,552	2,592	2,446	2,559	2,670	154,592	161,083	162,771
Expenditure By Type																
Employee related costs		5,577	5,577	5,577	5,577	5,577	5,577	5,577	5,577	5,577	5,577	5,577	5,577	72,525	55,510	52,552
Remuneration of councillors		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,071	12,076	12,050
Debt impairment		535	535	535	535	535	535	535	535	535	535	535	535	7,500	7,500	5,371
Depreciation & asset impairment		2,051	2,051	2,051	2,051	2,051	2,051	2,051	2,051	2,051	2,051	2,051	2,051	24,729	25,710	25,717
Forex charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	670
Bank purchases		1,733	1,572	1,407	1,241	1,078	942	803	1,155	1,024	1,050	1,050	1,050	16,550	15,572	16,524
Other materials		543	543	543	543	543	543	543	543	543	543	543	543	6,371	5,534	5,534
Contracted services		450	450	450	450	450	450	450	450	450	450	450	450	5,382	5,765	5,556
Transfers and subsidies		35	35	35	35	35	35	35	35	35	35	35	35	415	144	152
Other expenditure		3,453	3,453	3,453	3,453	3,453	3,453	3,453	3,453	3,453	3,453	3,453	3,453	41,521	45,535	45,530
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		16,539	16,374	16,200	16,043	15,877	16,219	15,794	15,960	16,125	16,291	16,456	16,937	194,822	207,664	220,290
Surplus/(Deficit)		43,098	(12,978)	(12,329)	(13,764)	24,551	(13,484)	(13,683)	13,592	(13,533)	(13,844)	(13,899)	(14,267)	(40,230)	(46,576)	(57,479)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		12,543	-	-	-	-	9,707	-	-	9,707	-	-	-	32,355	34,355	35,576
Transfers and subsidies - capital (monetary allocations) (National / Provincial / Departmental)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Education Institutions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - 50%)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		56,041	(12,978)	(12,329)	(13,764)	24,551	(13,777)	(13,683)	13,592	(13,516)	(13,844)	(13,899)	(14,267)	(7,872)	(12,507)	(21,603)
Transfers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursable monies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	56,041	(12,978)	(12,329)	(13,764)	24,551	(13,777)	(13,683)	13,592	(13,516)	(13,844)	(13,899)	(14,267)	(7,872)	(12,507)	(21,603)

MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

EC136 Emalahleni (Ec) - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Ref	Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	Revenue - functional															
	Governance and administration															
	Executive and council	53,309	1,455	2,051	562	36,823	562	562	27,692	562	562	562	562	127,469	128,032	126,199
	Finance and accounting	6,875	—	—	—	—	—	—	—	—	—	—	—	6,875	7,009	7,344
	Human resources	45,624	1,455	2,051	562	36,823	562	562	27,692	562	562	562	562	120,793	121,023	118,855
	Internal audit	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Community and public safety															
	Community and social services	1,418	16	18	18	18	18	18	18	18	18	18	18	1,697	1,182	1,248
	Crime prevention	1,418	16	18	18	18	18	18	18	18	18	18	18	1,697	1,182	1,248
	Spent and recreation	2	2	2	2	2	2	2	2	2	2	2	2	23	24	26
	Public safety	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Health	—	2	2	2	2	2	2	2	2	2	2	2	24	26	27
	Economic and environmental services															
	Planning and development	15,901	—	—	—	—	—	—	—	—	—	—	—	37,339	39,246	41,241
	Road transport	15,922	2	3	3	3	3	3	3	3	3	3	3	35,423	36,269	40,110
	Environmental protection	30	30	30	30	30	30	30	30	30	30	30	30	955	1,040	1,150
	Trading services															
	Energy services	1,716	1,604	1,493	1,381	1,269	1,269	1,213	1,325	1,437	1,546	1,650	1,772	17,687	23,711	26,600
	Water management	1,475	1,058	954	858	727	727	571	755	885	1,007	1,119	1,221	11,187	15,655	19,525
	Waste management	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Other	542	542	542	542	542	542	542	542	542	542	542	542	6,530	6,975	7,275
	Total Revenue - Functional Expenditure - Functional	72,345	3,168	3,644	2,044	40,193	12,207	1,876	29,317	12,375	2,212	2,323	5,255	166,950	195,157	199,647
R thousand	Governance and administration															
	Executive and council	7,891	7,891	7,891	7,891	7,891	6,233	7,891	7,891	7,891	7,891	7,891	8,207	95,352	99,775	105,425
	Finance and accounting	2,710	2,710	2,710	2,710	2,710	2,710	2,710	2,710	2,710	2,710	2,710	2,710	22,583	24,379	26,389
	Human resources	5,022	5,022	5,022	5,022	5,022	5,022	5,022	5,022	5,022	5,022	5,022	5,022	60,847	65,347	68,934
	Internal audit	150	150	150	150	150	150	150	150	150	150	150	150	1,915	2,049	2,182
	Community and public safety															
	Community and social services	1,748	1,748	1,748	1,748	1,748	1,748	1,748	1,748	1,748	1,748	1,748	1,748	20,976	21,071	22,304
	Crime prevention	1,696	1,696	1,696	1,696	1,696	1,696	1,696	1,696	1,696	1,696	1,696	1,696	13,142	12,787	13,550
	Spent and recreation	420	420	420	420	420	420	420	420	420	420	420	420	5,007	5,024	5,355
	Public safety	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Health	233	233	233	233	233	233	233	233	233	233	233	233	2,791	3,010	3,249
	Economic and environmental services															
	Planning and development	3,168	3,168	3,168	3,168	3,168	3,168	3,168	3,168	3,168	3,168	3,168	3,168	35,255	40,110	42,205
	Road transport	2,471	2,471	2,471	2,471	2,471	2,471	2,471	2,471	2,471	2,471	2,471	2,471	29,685	31,381	33,374
	Environmental protection	717	717	717	717	717	717	717	717	717	717	717	717	9,655	9,758	9,931
	Trading services															
	Energy services	3,450	3,255	3,119	2,954	2,765	2,765	2,765	2,671	3,036	3,202	3,367	3,533	37,095	43,364	46,791
	Water management	2,162	1,655	1,655	1,655	1,655	1,655	1,417	1,682	1,746	1,910	2,075	2,244	21,599	25,919	29,450
	Waste management	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Other	1,477	1,477	1,477	1,477	1,477	1,477	1,477	1,477	1,477	1,477	1,477	1,477	14,116	14,933	15,571
	Total Expenditure - functional	16,277	16,112	15,946	15,761	15,615	15,997	15,533	15,698	15,664	16,029	16,195	19,815	191,022	207,664	220,250
	Surplus/(Deficit) before assoc.	56,068	(12,951)	(12,302)	(13,737)	(24,577)	(3,790)	(13,657)	(13,619)	(3,409)	(13,810)	(13,871)	(14,560)	(7,872)	(12,507)	(21,603)
	Share of surplus/(deficit) of associate	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Surplus/(Deficit)	56,068	(12,951)	(12,302)	(13,737)	(24,577)	(3,790)	(13,657)	(13,619)	(3,409)	(13,810)	(13,871)	(14,560)	(7,872)	(12,507)	(21,603)

BRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

EC136 Enalahleni (Ec) - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote																
Vote 1 - Executive and Council		6,675	-	-	-	-	-	-	-	-	-	-	-	6,675	7,009	7,344
Vote 2 - Corporate Services		0	0	0	0	0	0	0	0	0	0	0	0	0	55	101
Vote 3 - Budget and Treasury		46,627	1,446	2,043	555	33,816	555	555	27,334	555	555	555	555	120,703	120,920	118,754
Vote 4 - Economic Development Tourism and Agriculture		504	4	4	4	4	4	4	4	4	4	4	4	550	53	56
Vote 5 - Community and Social Services		1,759	866	558	866	866	866	866	866	866	866	866	866	11,219	12,002	12,729
Vote 6 - Infrastructure and Human Settlement (ID-S)		16,890	1,650	555	344	732	41,007	676	736	11,175	1,012	1,124	1,235	47,614	55,050	59,652
Total Revenue by Vote		72,500	3,335	3,679	2,279	40,428	12,442	2,111	29,552	12,610	2,446	2,558	2,670	166,950	195,157	196,647
Expenditure by Vote to be appropriated																
Vote 1 - Executive and Council		2,906	2,906	2,906	2,906	2,906	2,906	2,906	2,906	2,906	2,906	2,906	2,906	34,068	36,007	38,000
Vote 2 - Corporate Services		1,759	1,759	1,759	1,759	1,759	1,841	1,759	1,759	1,759	1,759	1,759	1,833	21,269	22,413	23,800
Vote 3 - Budget and Treasury		2,512	2,512	2,512	2,512	2,512	2,772	2,512	2,512	2,512	2,512	2,512	2,752	30,841	31,454	33,206
Vote 4 - Economic Development Tourism and Agriculture		557	557	557	557	557	557	557	557	557	557	557	557	6,600	6,316	6,760
Vote 5 - Community and Social Services		3,712	3,712	3,712	3,712	3,712	3,712	3,712	3,712	3,712	3,712	3,712	3,712	44,546	46,800	49,510
Vote 6 - Infrastructure and Human Settlement (ID-S)		5,003	4,927	4,742	4,566	4,401	4,401	4,348	4,510	4,675	4,844	5,010	5,175	55,656	61,745	67,555
Total Expenditure by Vote		16,539	16,374	16,206	16,043	15,877	16,219	15,794	15,960	16,125	16,291	16,456	16,637	194,922	207,664	220,250
Surplus/(Deficit) before assoc.		56,041	(12,978)	(12,329)	(13,764)	24,551	(3,777)	(13,683)	13,592	(3,516)	(13,844)	(13,899)	(14,267)	(7,972)	(12,507)	(21,603)
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allowable to municipalities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/(deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	56,041	(12,978)	(12,329)	(13,764)	24,551	(3,777)	(13,683)	13,592	(3,516)	(13,844)	(13,899)	(14,267)	(7,972)	(12,507)	(21,603)

MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

EC136 Emalahleni (Ec) - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand																
Multi-year expenditure to be appropriated	1															
Vote 1 - Executive and Council		333	333	333	333	333	333	333	333	333	333	333	333	4,000	5,000	6,000
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Economic Development Tourism and Agriculture (EDTA)		131	131	131	131	131	131	131	131	131	131	131	131	1,550	1,500	1,200
Vote 5 - Community and Social Services		21	21	133	21	21	133	21	21	133	21	21	21	500	-	3,000
Vote 6 - Infrastructure and Human Settlement (ID-S)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	34,700
Capital multi-year expenditure sub-total	2	465	465	602	465	465	602	465	465	602	465	465	465	6,169	6,200	40,000
Single-year expenditure to be appropriated																
Vote 1 - Executive and Council		100	-	-	-	-	-	-	-	-	-	-	-	100	350	-
Vote 2 - Corporate Services		500	50	50	50	50	50	50	50	50	50	50	150	1,550	1,250	1,000
Vote 3 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-	-	-	-	150	-
Vote 4 - Economic Development Tourism and Agriculture (EDTA)		200	-	-	-	-	-	-	-	-	-	-	-	200	500	-
Vote 5 - Community and Social Services		200	211	211	211	211	1,200	211	211	211	211	211	211	3,675	32,315	1,500
Vote 6 - Infrastructure and Human Settlement (ID-S)		2,340	2,340	2,340	2,340	2,340	2,340	2,340	2,340	2,340	2,340	2,340	2,340	23,500	2,450	1,500
Capital single-year expenditure sub-total	2	3,614	2,609	2,609	2,609	2,609	3,604	2,609	2,609	2,609	2,609	2,609	2,609	-	-	-
Total Capital Expenditure	2	4,299	3,094	3,211	3,094	3,094	4,266	3,094	3,094	3,211	3,094	3,094	3,094	34,169	37,319	44,300

MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

EC136 Emalahleni (Ec) - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Expenditure - Functional	1															
Governance and administration																
Executive and council		1,242	392	392	392	392	392	392	392	392	392	392	492	5,658	6,750	7,300
Finance and administration		400	300	300	300	300	300	300	300	300	300	300	300	4,100	5,250	5,000
Internal audit		300	50	50	50	50	50	50	50	50	50	50	150	1,550	1,500	1,500
Community and public safety																
Community and social services		305	230	347	230	230	422	230	230	347	230	230	230	3,259	31,419	9,500
Sports and recreation		305	230	347	230	230	422	230	230	347	230	230	230	3,259	31,419	9,500
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services																
Planning and development		1,792	1,512	1,512	1,512	1,512	1,512	1,512	1,512	1,512	1,512	1,512	2,012	18,924	4,450	25,100
Road transport		411	131	131	131	131	131	131	131	131	131	131	131	1,243	2,150	1,000
Environmental protection		1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	17,679	2,550	23,000
Trading services																
Energy services		960	960	960	960	960	1,960	960	960	960	960	960	960	12,320	900	2,400
Water management		305	305	305	305	305	305	305	305	305	305	305	305	3,624	100	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		150	150	150	150	150	150	150	150	150	150	150	150	1,842	-	2,400
Other		2	2	2	2	2	1,000	2	2	2	2	2	2	1,000	800	-
Total Capital Expenditure - Functional	2	4,299	3,094	3,211	3,094	3,094	4,235	3,094	3,094	3,211	3,094	3,094	3,894	40,358	43,519	44,300
Funded by:																
National Government		2,613	2,613	2,613	2,613	2,613	2,613	2,613	2,613	2,613	2,613	2,613	2,613	32,358	34,069	35,876
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Local Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Over transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		2,613	2,613	2,613	2,613	2,613	2,613	2,613	2,613	2,613	2,613	2,613	2,613	32,358	34,069	35,876
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing		1,585	481	550	481	481	573	481	481	550	481	481	1,581	8,000	9,450	8,424
Internally generated funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Funding		4,299	3,094	3,211	3,094	3,094	4,235	3,094	3,094	3,211	3,094	3,094	3,894	40,358	43,519	44,300

Emalahleni Municipality

2017/18 Tabled Annual Final Budget and MTREF

MBRR SA30 - Budgeted monthly cash

EC136 Emalahleni (Ec) - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework	
	July	August	Sept	October	November	December	January	February	March	April	May	June	Budget Year +1 2017/18	Budget Year +2 2019/20
Cash Receipts By Source														
Primary rates	100	450	845	100	100	100	100	402	100	100	100	100	2,151	2,400
Service charges - electricity revenue	533	511	488	404	380	380	383	377	421	424	533	552	5,033	6,023
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	146	146	146	146	146	146	146	146	146	146	146	146	1,750	1,937
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rents of facilities and equipment	34	34	34	34	34	34	34	34	34	34	34	34	403	453
Interest earned - external investments	211	211	211	211	211	211	211	211	211	211	211	211	2,533	2,843
Interest earned - outstanding debtors	217	217	217	217	217	217	217	217	217	217	217	217	2,593	2,922
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	33	33	33	33	33	33	33	33	33	33	33	33	397	378
Loans and permits	142	142	142	142	142	142	142	142	142	142	142	142	1,750	1,937
Agency services	50	50	50	50	50	50	50	50	50	50	50	50	593	672
Transfer receipts - operational	2,345	40,397	-	-	40,397	-	22,650	-	-	-	-	5,501	123,933	120,276
Other revenue	52	52	52	52	52	52	52	52	52	52	52	52	622	697
Cash Receipts by Source	3,928	48,240	2,013	1,421	41,965	1,360	1,341	30,392	1,448	1,302	1,358	7,111	142,293	148,971
Cash Receipts by Source														
Transfer receipts - capital	2,556	2,556	2,556	2,556	2,556	2,556	2,556	2,556	2,556	2,556	2,556	2,556	30,439	35,376
Transfers and subsidies - capital (mandatory allocations) (National / provincial Departments)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Donations and term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increases (decrease) in accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in prepayment debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciate (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	6,624	50,345	12,769	4,118	44,661	4,064	4,037	33,653	4,145	4,199	4,252	9,687	182,631	193,271
Cash Payments by Type														
Employee related costs	6,577	6,577	6,577	6,577	6,577	6,577	6,577	6,577	6,577	6,577	6,577	6,577	79,535	93,636
Remuneration of councillors	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	12,074	13,952
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank purchases - Electricity	1,733	1,572	1,407	1,341	1,076	1,076	963	1,459	1,334	1,450	1,355	1,321	16,850	19,624
Bank purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank purchases - Other	540	540	540	540	540	540	540	540	540	540	540	540	6,571	7,632
Other materials	400	400	400	400	400	400	400	400	400	400	400	400	4,800	5,568
Contracted services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer and grants - Other	36	36	36	36	36	36	36	36	36	36	36	36	435	494
Other expenditure	3,453	3,453	3,453	3,453	3,453	3,453	3,453	3,453	3,453	3,453	3,453	3,453	41,501	48,351
Cash Payments by Type	13,633	13,669	13,622	13,537	13,191	13,533	13,169	13,274	13,449	13,693	13,771	14,231	162,393	181,132
Other Cash Flows Payments by Type														
Capital assets	1,000	3,153	5,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	40,355	44,300
Repayment of borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows Payments	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,120	13,955
Total Cash Payments by Type	14,593	16,731	16,625	15,499	16,294	16,536	13,849	14,014	15,543	16,702	15,874	24,444	199,631	221,927
NET INCREASE/(DECREASE) IN CASH HELD	(7,969)	34,154	(3,916)	(12,242)	26,367	(12,572)	(9,811)	19,975	(12,393)	(12,510)	(12,620)	(14,637)	(17,431)	(22,656)
Cash cash equivalents at the month/year end:	10,233	10,233	40,423	28,182	48,100	35,528	4,975	24,483	34,236	21,726	9,106	1,469	1,469	1,469
Cash cash equivalents at the month/year end	10,233	44,433	40,612	25,940	66,547	43,956	34,163	53,333	49,409	39,231	15,733	1,469	1,469	1,469

Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

1.17 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

SA36 - Detailed capital budget per municipal vote

EC136 Emalahleni (Ec) - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project		Ref	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	Parent municipality			Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
Parent municipality										
List all capital projects grouped by Municipal Vote										
	EC136_0500_MIG:TRAFFIC STATION		7 500			4 000	7 500		Ward 4	New
	EC136_0501_ASSET: COUNCIL: BUILDING NEW OFFICES PHASE 2		15 000				5 000		Ward 4	New
	EC136_0502_ASSET: CORPORATE SERVICES - FURN & OFFICE EQUIP		300				150		Ward 4	New
	EC136_0542_ASSET: EXECUTIVE AND COUNCIL - FURN & OFFICE EQUIP				100		250		Ward 4	New
	EC136_0543_ASSET: COMMUNITY SERVICES - FURN & OFFICE EQUIP		150				150		Ward 4	New
	EC136_0544_ASSET: IDHS - FURN & OFFICE EQUIP		150				150		Ward 4	New
	EC136_0545_ASSET: BTO - FURN & OFFICE EQUIP		150				150		Ward 4	New
	EC136_0546_ASSET: EDTA - FURN & OFFICE EQUIP		100				100		Ward 4	New
	EC136_0547_ASSET: LICENSE AND PERMITS - FURN & OFFICE EQUIP		150						Ward 4	New
	EC136_0503_ASSET: CORPORATE SERVICES - COMPUTERS & CAMERAS		500		250		200		Ward 4	New
	EC136_0505_MIG: LANDFILL SITE		2 000		5 000				Ward 17	New
	EC136_0506_MIG: PAVING DDH ROADS		1 144		1 144				Ward 14	Upgrading
	EC136_0506_MIG: PAVING DDH ROADS		127		127				Ward 14	Upgrading
	EC136_0507_MIG: PAVING INDWE ROADS		4 552		4 552				Ward 16	Upgrading
	EC136_0508_MIG: PAVING INDWE ROADS		519		519				Ward 16	Upgrading
	EC136_0508_MIG: PAVING LADY FRERE ROADS		1 000		1 000				Ward 4	Upgrading
	EC136_0509_MIG: PAVING LADY FRERE ROADS		200		200				Ward 4	Upgrading
	EC136_0509_MIG: REHABILITATION OF STREETLIGHTS		1 027		1 027				Ward 4	Renewal
	EC136_0510_MIG: REHABILITATION OF STREETLIGHTS		1 027		1 027				Ward 18	Renewal
	EC136_0511_MIG: SHEARING SHED		1 589		1 589				Ward 17	New
	EC136_0511_MIG: SHEARING SHED		1 000		1 000		1 000		Ward 6	New
	EC136_0511_MIG: SHEARING SHED		1 000		1 000				Ward 6	New
	EC136_0512_ASSET: PARKS&PUBLIC OPEN SPACE - PARK DEVELOPMENT LF		350		350				Ward 4	New
	EC136_0514_ASSET: EDTA - VEHICLE		250		250				Ward 4	New
	EC136_0515_ASSET: IDHS - PLANT & EQUIPMENT		4 200		500		2 000		Ward 4	New
	EC136_0517_ROAD & STORMWATER		700						Ward 4	New
	EC136_0518_ASSET: ELECTRICITY SERVICES - TRANSFORMERS		100				100		Ward 4	New
	EC136_0521_MIG: LF MULTI-PURPOSE CENTRE		10 471				10 471		Ward 4	New
	EC136_0522_MIG: INDWE SPORTSFIELD		5 319				5 319		Ward 16	Upgrading
	EC136_0523_MIG: HYDROPHONICS		800				900		Ward 18	New
	EC136_0525_MIG: CACADU EXT ACCESS ROAD		890		500				Ward 4	New
	EC136_0525_MIG: CACADU EXT ACCESS ROAD		890		500				Ward 4	New
	EC136_0526_MIG: BONGULWETHU HIGH-MAST LIGHTS		2 004		2 004				Ward 4	New
	EC136_0531_MIG: HARRY GWALA PHASE 2 - HIGH-MAST LIGHTS		2 004		2 004				Ward 11	New
	EC136_0527_MIG: PARK DEVELOPMENT INDWE		1 709		1 709				Ward 16	New
	EC136_0528_MIG: LF STADIUM PHASE 3		1 976		1 709		7 379		Ward 4	New
	EC136_0529_MIG: LF STADIUM PHASE 3		400				400		Ward 14	Renewal
	EC136_0529_MIG: REHAB OF LANDFILL SITE		400				400		Ward 16	Renewal
	EC136_0529_MIG: REHAB OF LANDFILL SITE		450						Ward 4	New
	EC136_0530_NETWORK INFRASTRUCTURE		450						Ward 4	New
	EC136_0531_ASSET: PURCHASING - VEHICLES		2 750				1 000		WHOLE	New
	EC136_0531_ASSET: PURCHASING - VEHICLES								WHOLE	New
	EC136_0531_ASSET: PURCHASING - VEHICLES								WHOLE	New
	EC136_0532_ASSET: AMPHITHEATRE		300		200				Ward 4	New
	EC136_0533_ASSET: ELECTRICITY SERVICES - ELEC OF FACILITIES WARD 10		75		15				Ward 10	Upgrading
	EC136_0548_ASSET: ELECTRICITY SERVICES - ELEC OF FACILITIES WARD 5		75		75				Ward 5	Upgrading
	EC136_0549_ASSET: ELECTRICITY SERVICES - ELEC OF FACILITIES WARD 17		75		75				Ward 17	Upgrading
	EC136_0550_ASSET: ELECTRICITY SERVICES - ELEC OF FACILITIES WARD 3		75		75				Ward 3	Upgrading
	EC136_0554_ASSET: UPGRADE HARRY GWALA COMM HALL		2 250		250				Ward 3	Renewal
	EC136_0555_ASSET: AIR CONDITIONER		100		100				Ward 11	New
	EC136_0556_ASSET: CORPORATE SERVICES - PLANT & EQUIPMENT		200		200				Ward 4	New
	EC136_0557_ASSET: CORPORATE SERVICES - PLANT & EQUIPMENT		20		20				Ward 4	New
	EC136_0558_MIG: LF PARK PHASE 2		3 000				3 000		Ward 4	New
	EC136_0559_MIG: DIPPING TANKS		1 500						Ward 14	New
	EC136_0540_MIG: PAVING OF ROADS		2 400				2 400		Ward 4	Upgrading
	EC136_0540_MIG: PAVING OF ROADS		1 000						Ward 4	Upgrading
	EC136_0541_MIG: SPORTSFIELD DDH		1 000						Ward 14	Upgrading
	Parent Capital expenditure		40 335	43 519			44 300	44 300		

1.18 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed six interns undergoing training in various divisions of the Financial Services Department. Of the five interns one has already been appointed permanently from 01 February 2017.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2017/18 MTREF in May 2017 directly aligned and informed by the 2017/18 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

BRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

EC136 Emalahleni (Ec) - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept)

Description	Ref	Vote 1 - Executive and Council	Vote 2 - Corporate Services	Vote 3 - Budget and Treasury	Vote 4 - Economic Development Tourism and Agriculture (EDTA)	Vote 5 - Community and Social Services	Vote 6 - Infrastructure and Human Settlement (IDHS)	Total
R thousand								
Revenue By Source								
Property rates		-	-	4 302	-	-	-	4 302
Service charges - electricity revenue		-	-	-	-	-	10 765	10 765
Service charges - water revenue		-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	3 500	-	3 500
Service charges - other		-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	815	1	815
Interest earned - external investments		-	-	2 535	-	-	-	2 535
Interest earned - outstanding debtors		-	-	1 651	-	3 144	431	5 216
Dividends received		-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	337	-	337
Licences and permits		-	-	-	-	1 600	10	1 700
Agency services		-	-	65	-	892	-	939
Other revenue		-	-	404	50	40	48	622
Transfers and subsidies		6 675	90	111 662	500	900	4 011	123 838
Gain on disposal of PPE		-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		6,675	90	120,703	550	11,319	15,256	154,592
Expenditure By Type								
Employee related costs		11 478	10 765	10 735	4 644	32 940	18 582	78 926
Remuneration of councillors		12 071	-	-	-	-	-	12 071
Debt impairment		-	-	3 192	-	3 999	110	7 300
Depreciation & asset impairment		-	3 617	-	-	6 510	14 409	24 723
Finance charges		-	157	500	-	-	-	657
Bulk purchases		-	-	-	-	-	16 550	16 550
Other materials		1 225	400	40	120	1 637	3 059	6 571
Contracted services		625	200	4 300	15	442	154	5 682
Transfers and subsidies		-	-	-	435	-	-	435
Other expenditure		9 459	5 909	9 673	1 473	8 910	6 006	41 501
Loss on disposal of PPE		-	-	-	-	-	-	-
Total Expenditure		34,669	21,269	30,641	6,630	44,546	56,009	194,622
Surplus/(Deficit)		(28,194)	(21,179)	90,062	(6,130)	(33,228)	(41,553)	(40,230)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	-	-	-	-	32 358	32 358
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(28,194)	(21,179)	90,062	(6,130)	(33,228)	(9,193)	(7,672)

MBRR Table SA3 – Supporting detail to Statement of Financial Position

EC136 Emalahleni (Ec) - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

EC 150 Enactment (EC) - Supporting Table 3A3 Supporting detail to Budgeted Financial Position											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Call investment deposits											
Call deposits		41,614	29,563	26,023	-	-	-	-	-	-	-
Other current investments		-	-	-	-	-	-	-	-	-	-
Total Call investment deposits	2	41,614	29,563	26,023	-	-	-	-	-	-	-
Consumer debtors											
Consumer debtors		133,001	70,555	63,444	67,610	67,778	67,778	60,078	83,105	106,804	
Less: Provision for debt impairment		(114,518)	(48,016)	(63,146)	(52,542)	(54,872)	(54,872)	(62,172)	(70,100)	(78,471)	
Total Consumer debtors	2	16,264	22,532	10,298	34,766	13,107	13,107	17,906	23,005	28,433	
Debt impairment provision											
Balance at the beginning of the year		63,481	114,538	48,016	50,316	53,145	53,145	54,872	62,172	70,100	
Contributions to the provision		21,057	10,090	9,250	3,526	7,526	7,526	7,500	7,928	8,371	
Bad debts written off		-	(77,412)	(4,125)	-	(5,000)	(5,000)	-	-	-	
Balance at end of year		114,538	48,016	53,146	52,842	54,672	54,672	62,172	70,100	78,471	
Property, plant and equipment (PPE)											
PPE at cost valuation (excl. finance leases)		552,052	594,381	634,543	679,418	672,210	672,210	713,388	765,607	801,207	
Leases recognised as PPE	3	515	608	312	678	512	512	-	-	-	
Less: Accumulated depreciation		(129,455)	(205,593)	(127,657)	(159,722)	(252,021)	(252,021)	(278,463)	(301,882)	(328,318)	
Total Property, plant and equipment (PPE)	2	423,192	388,475	408,288	481,374	421,009	421,009	436,925	455,925	472,889	
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		-	-	-	-	-	-	-	-	-	-
Current portion of long-term liabilities		311	263	353	210	310	310	310	310	310	
Total Current liabilities - Borrowing		311	263	353	210	310	310	310	310	310	
Trade and other payables											
Trade and other creditors		15,077	17,877	21,839	17,388	25,000	25,000	26,501	29,091	29,776	
Unsettled conditional transfers		1,321	349	1,157	-	-	-	-	-	-	
VAT		-	-	-	-	-	-	-	-	-	
Total Trade and other payables	2	16,378	18,226	22,996	17,388	25,000	25,000	26,501	29,091	29,776	
Non current liabilities - Borrowing											
Borrowing	4	-	-	-	-	-	-	8,000	17,450	25,874	
Finance leases (including PPP asset element)		-	-	-	-	-	-	283	283	283	
Total Non current liabilities - Borrowing		235	547	295	283	283	283	8,283	17,733	26,155	
Provisions - non-current											
Retirement benefits		-	-	-	-	-	-	6,210	6,703	9,225	
List other major provision items		6,600	5,634	6,705	6,645	7,745	7,745	-	-	-	
Refuse landfill site rehabilitation		-	-	-	-	-	-	-	-	-	
Other		2,119	-	-	-	-	-	-	-	-	
Total Provisions - non-current		8,719	5,634	6,705	6,645	7,745	7,745	6,210	6,703	9,225	
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		474,072	469,542	409,169	469,599	411,132	411,132	404,417	395,545	384,038	
GRAP adjustments		-	(49,085)	-	-	-	-	-	-	-	
Reopened balance		474,072	419,677	409,169	-	411,132	411,132	404,417	395,545	384,038	
Surplus/(Deficit)		(5,026)	(19,505)	3,262	13	(5,715)	(5,715)	(7,872)	(12,507)	(21,600)	
Appropriations to Reserves		-	-	-	-	-	-	-	-	-	
Transfers from Reserves		-	-	-	-	-	-	-	-	-	
Depreciation effects		-	-	-	-	-	-	-	-	-	
Other adjustments		-	-	-	-	-	-	-	-	-	
Accumulated Surplus/(Deficit)	1	469,543	409,169	409,431	469,599	404,417	404,417	395,545	384,038	362,438	
Reserves											
Housing Development Fund		-	-	-	-	-	-	-	-	-	
Capital replacement		-	-	-	-	-	-	-	-	-	
Self-insurance		-	-	-	-	-	-	-	-	-	
Other reserves		-	-	-	-	-	-	-	-	-	
Revaluation		-	-	-	-	-	-	-	-	-	
Total Reserves	2	-	-	-	-	-	-	-	-	-	
TOTAL COMMUNITY WEALTH/EQUITY	2	469,543	409,169	409,431	469,599	404,417	404,417	395,545	384,038	362,438	

MBRR Table SA9 – Social, economic and demographic statistics and assumptions**EC136 Emalahleni (Ec) - Supporting Table SA9 Social, economic and demographic statistics and assumptions**

EC130 Enflantem (EC) - Supporting Table SAs Social, economic and demographic statistics and assumptions											
Description of economic indicator	Ref	2001 Census	2007 Survey	2011 Census	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics											
Population		122		119	119	119	119	119	120	122	132
Females aged 5 - 14		19		13	13	13	13	13	13	14	14
Males aged 5 - 14		19		14	14	14	14	14	15	15	16
Females aged 15 - 34		19		14	14	14	14	14	15	15	16
Males aged 15 - 34		19		10	10	10	10	10	19	19	20
Unemployment		21		10	10	10	10	10	19	19	20
Monthly household income (no. of households)											
No income	1, 12			4 804	4 804	4 804	4 804	4 804	4 804	4 804	4 804
R1 - R1 600		4 138		14 919	14 919	14 919	14 919	14 919	14 919	14 919	14 919
R1 601 - R3 200		6 746		7 835	7 835	7 835	7 835	7 835	7 835	7 835	7 835
R3 201 - R6 400		1 972		2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290
R6 401 - R12 800		319		974	974	974	974	974	974	974	974
R12 801 - R25 600		470		545	545	545	545	545	545	545	545
R25 601 - R51 200		199		232	232	232	232	232	232	232	232
R51 201 - R102 400		35		41	41	41	41	41	41	41	41
R102 401 - R204 800		16		18	18	18	18	18	18	18	18
R204 801 - R409 600		20		23	23	23	23	23	23	23	23
R409 601 - R819 200											
> R819 200											
Poverty profiles (no. of households)											
< R2 060 per household per month	10	23 729		27 557	27 557	27 557	27 557	27 557	27 557	27 557	27 557
Insert description	2										
Household demographics (000)											
Number of people in municipal area		121 822		119 460	119	119	119	119 460	120 757	121 165	132 755
Number of poor people in municipal area		33 204		63 620	64	64	64	63 620	65 680	63 321	70 767
Number of households in municipal area		37 280		31 681	32	32	32	31 681	32 016	33 960	35 207
Number of poor households in municipal area		23 729		27 557	28	28	28	27 557	28 544	28 555	30 624
Definition of poor households (R per month)		3 200		3 200	3 200	3 200	3 200	3 200	3 200	3 200	3 200
Housing statistics											
Formal	3	14 804		14 804	14 804	14 804	14 804	14 804	14 804	14 804	14 804
Informal		17 777		17 777	17 777	17 777	17 777	17 777	17 777	17 777	17 777
Total number of households		32 581	-	32 581	32 581	32 581	32 581	32 581	32 581	32 581	32 581
Dwellings provided by municipality	4										
Dwellings provided by province/s											
Dwellings provided by private sector	5										
Total new housing dwellings		-	-	-	-	-	-	-	-	-	-
Economic											
Inflation/inflation outlook (CPI-X)	6								5.4%	5.7%	5.5%
Interest rate - borrowing									7.0%	6.5%	6.0%
Interest rate - investment									10.5%	11.0%	9.5%
Remuneration increases									9.0%	9.0%	9.0%
Consumption growth (electricity)											
Consumption growth (water)											
Collection rates											
Property tax/service charges	7							49.9%	70.0%	75.0%	80.0%
Rental of facilities & equipment								90.0%	95.0%	100.0%	100.0%
Interest - external investments								100.0%	100.0%	100.0%	100.0%
Interest - debtors								49.9%	70.0%	75.0%	80.0%
Revenue from agency services								100.0%	100.0%	100.0%	100.0%



1.19 Municipal Manager's quality certificate

I Dr S W Vatala, Municipal Manager of Emalahleni Municipality, hereby certify that the tabled annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name DR S W VATALA

Municipal Manager of Emalahleni Municipality

Signature

A handwritten signature in black ink, appearing to be 'S W V', is written over a horizontal dotted line. The signature is stylized and cursive.

Date 13 May 2017